



# WESTCONNEX ACQUISITION AND TRANSURBAN EQUITY RAISING

20 SEPTEMBER 2021

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- eligible institutional security holders of Transurban (“Institutional Entitlement Offer”); and
- eligible retail security holders of Transurban (“Retail Entitlement Offer”),

under sections 708AA and 1012DAA of the Corporations Act 2001 (Cth) (“Corporations Act”) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (together, the “Entitlement Offer”). It also contains details on a placement of New Securities to AustralianSuper (“Placement”).

Unless the context otherwise requires, capitalised terms and abbreviations have the meaning given in the glossary at the end of this Presentation.

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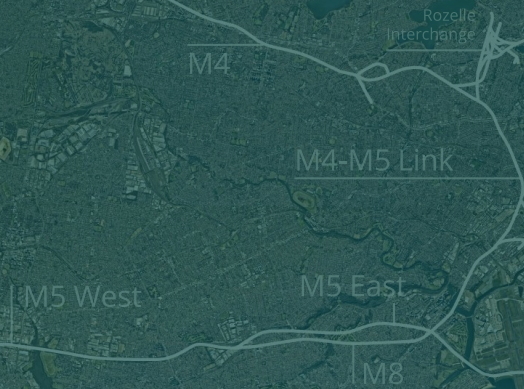
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not for release only

# TRANSACTION OVERVIEW



## Acquisition

- Sydney Transport Partners (STP) to acquire the remaining 49% equity stake in WestConnex from the NSW Government for \$11.1 billion<sup>1</sup> (**Acquisition**)
- Acquisition will take total STP ownership of WestConnex to 100%
- Transurban owns 50% of STP, alongside strategically aligned partners, including new partner CDPQ<sup>2</sup>
- Financial close of the Acquisition is expected in October 2021<sup>3</sup>
- ACCC and FIRB have confirmed that they have no opposition to STP's acquisition of the remaining interest in WestConnex

## Funding

- Transurban's contribution to the Acquisition to be funded through a combination of new equity and existing corporate liquidity
- Transurban to raise \$4.22 billion in new equity
  - \$3.97 billion through a fully underwritten accelerated pro rata renounceable Entitlement Offer with retail entitlements trading (**Entitlement Offer**)
  - \$250 million through a placement to STP consortium member AustralianSuper (**Placement**). This is in addition to AustralianSuper taking up its full entitlement under the Entitlement Offer<sup>5</sup>
- No additional debt funding will be used by STP to fund the Acquisition
- Transurban's funding strategy allows retention of liquidity for general corporate purposes and future growth opportunities

## Free Cash per security

- Transurban currently expects to receive more than \$600 million of potential Capital Releases until FY25 resulting from its increased stake in WestConnex. This is in addition to more than \$2.0 billion of potential Capital Releases expected to be achieved between FY21 and FY25 from a number of assets across Transurban<sup>4</sup>
- The Acquisition is expected to be Free Cash per security accretive over the near, medium and long-term when including Capital Releases, and slightly dilutive in the near-term excluding Capital Releases, as a result of the timing of the Entitlement Offer and Placement relative to the timing of Free Cash generation from WestConnex
- Once the expected additional Capital Releases are received, and subject to the outlook at the time, Transurban is likely to use a portion of the additional WestConnex Capital Releases in the first two years following the Acquisition to minimise dilution in Free Cash per security

## Updated FY22 distribution guidance

- Distribution guidance of 15.0 cps for 1H22<sup>6</sup> (15.0 cps in 1H21). Securities issued as part of the Entitlement Offer and Placement will be entitled to the 1H22 distribution
  - 1H22 Free Cash may be higher or lower than the 1H22 distribution guidance due to ongoing uncertainty from COVID-19, including government-imposed restrictions and the progress of vaccine rollouts
  - Total FY22 distribution is still expected to be in line with FY22 Free Cash excluding Capital Releases
- Traffic performance will remain sensitive to future government responses to COVID-19 and overall economic conditions
- For details regarding Transurban's FY21 performance, including reconciliations to Free Cash, refer to the FY21 Results Presentation

1. Includes approximately \$0.8 billion in stamp duty, payable in respect of the Acquisition.

2. See slides 37 and 48 for details on the introduction of a new STP consortium member in connection with the Acquisition.

3. Subject to customary closing conditions. Refer to Key risk 3.1.

4. Although certain future Capital Releases between FY21 - FY25 have been pre-agreed with relevant stakeholders, the timing and amount of those (and other potential future) Capital Releases remain uncertain and subject to a variety of factors, including the performance of the relevant asset, debt capital market conditions and broader macroeconomic conditions.

5. For internally managed funds. The Placement securities will not be entitled to participate in the Entitlement Offer.

6. Guidance is based on assumptions relating to traffic volumes, toll revenue and other items described in the Basis of Preparation on slide 54. Also see Key risks.



# WESTCONNEX IS ONE OF THE LARGEST ROAD INFRASTRUCTURE PROJECTS IN THE WORLD<sup>1</sup>



## Multi-decade concession life

Close to 40-year concession life remaining<sup>2</sup>. Additional ownership in WestConnex, including M5 West concession extension from 2026, extends Transurban's weighted average concession life to approximately 30 years<sup>3</sup>



## Traffic resilience

Diversified travel routes and reasons for travel, with a mix of commercial and consumer customer sources<sup>4</sup>



## Defined pricing escalation mechanism

Defensive asset characteristics supported by a price escalation floor of 4% annually until 2040 with an inflation-linked toll mechanism until 2060<sup>5</sup>



## Construction nearing completion

Reduced construction risks with the M4 and M8 now fully operational. Continued progress on M4-M5 Link with the Rozelle Interchange being delivered and funded by Transport for NSW (TfNSW)



## Capital Releases for future growth

Increased WestConnex ownership currently expected to facilitate more than \$600 million of additional potential Capital Releases to FY25. This is in addition to more than \$2.0 billion of potential Capital Releases expected to be achieved from a number of assets across Transurban between FY21-25<sup>6</sup>



## Free Cash generation supports distribution growth

Long-term Free Cash generation and distributions underpinned by strong asset fundamentals, with potential longer-term upside from future infrastructure development, and economic growth across Greater Sydney

1. Implied enterprise value for 100% of WestConnex of \$33 billion in 2021. Enterprise value includes net debt.

2. Remaining concession life as at 30 June 2021 for each concession on a non-revenue weighted basis with each concession expiring in December 2060.

3. Pro-forma remaining concession life as at 30 June 2021 with each concession weighted based on the contribution to Transurban's total proportional revenue for FY21 in each concession's respective region as reported in Transurban's audited financial statements. Ownership proportions of the M4, M8/M5 East and M5 West are adjusted for post-financial close with M5 West concession life post-December 2026.

4. WestConnex traffic will remain sensitive to future government responses to COVID-19 and overall economic conditions.

5. See slide 45 for further information.

6. Although certain future Capital Releases between FY21 - FY25 have been pre-agreed with relevant stakeholders, the timing and amount of those (and other potential future) Capital Releases remain uncertain and subject to a variety of factors, including the performance of the relevant asset, debt capital market conditions and broader macroeconomic conditions.

# KEY HIGHLIGHTS AND ACHIEVEMENTS

## Customers

Transurban has brought operational expertise to improve road safety and maximise lane availability

- Transurban's Linkt retail tolling provider is the 'preferred retailer' across all WestConnex assets<sup>1</sup>
- Typical peak travel-time savings across Transurban's Sydney network range from 8 to over 55 minutes<sup>2</sup>
- Since the M8 opened, crashes on the M5 East have dropped by more than 40% as a result of less traffic and smoother traffic flow in the tunnels<sup>3</sup>
- WestConnex tunnels are saving customers an average of at least 35% fuel consumption and vehicle GHG emissions per trip compared to alternative routes, and up to 59% in peak hour conditions<sup>4</sup>

## Integration & Operations

Shared services model implemented, with operations and maintenance managed by Transurban

- All WestConnex assets now operating on Transurban's back-office tolling system, and utilising smart motorway technologies to improve traffic flow or respond to road conditions
- In-housing of management and maintenance of Intelligent Transport Systems (ITS) complete
- Policies and procedures aligned with those of the broader Transurban Group
- WestConnex ERP system and insurance portfolio integrated with the broader Transurban Group
- Transurban will provide operating services to the M6 as part of the WestConnex Asset Management Agreement

## Construction

Construction has largely been completed, significantly reducing delivery risk on the project

- To date, WestConnex, under the management of Transurban, has delivered:
  - 5.5km of the M4 twin tunnels connecting into the widened M4
  - 9km of twin M8 tunnels completed and opened to traffic in July 2020
- Construction nearing completion on the 7.5km M4-M5 Link Tunnels
- On the M4-M5 Link project, our contractors have saved approximately 66,000 tonnes CO<sub>2</sub>e, or just over 30% in GHG emissions, by replacing the carbon-intensive Portland cement with a lower-carbon concrete blend<sup>5</sup>
- Achieved Infrastructure Sustainability (IS) ratings for WestConnex M8 (As Built, 'Leading') and M4-M5 (Design, 'Leading')

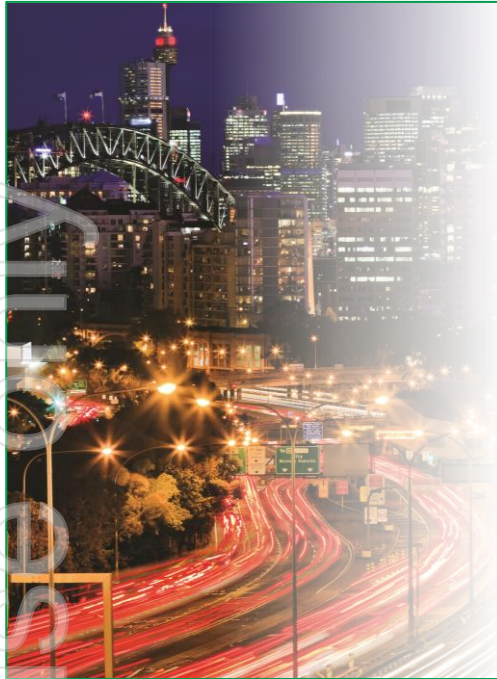
1. Transurban holds the agreement to provide tolling services to WestConnex under a Tolling Services Agreement.

2. Travel-time savings based on TomTom data for average workday in April 2021.

3. Comparing Operations & Maintenance crash data for the 6 months prior with 12 months post the opening of the M8.

4. Source: Transurban internal toll road data, TomTom traffic data, and COPERT Australia software data.

5. Based on the Infrastructure Sustainability design rating submission for the project.



## Population

- Sydney is Australia's largest city with greater Sydney currently home to more than 5.3 million residents<sup>1</sup>
- Prior to COVID-19, the population growth rate had been steadily increasing for a decade. Key population growth areas over the period 2011 to 2020 were the Parramatta region, the City, Inner South and the Inner South West<sup>1</sup>

## Congestion

- Sydney is the most congested city in Australia. Based on the TomTom Traffic Index in 2019 with Sydney ranked above cities such as Singapore, Hong Kong and Shanghai for congestion

## Employment and tourism

- Employment growth led to an increase of ~400,000 jobs in the decade prior to 2020.<sup>2</sup> Employment and economic growth is based around key population centres, including the established CBD, the developing Parramatta region and the emerging Western Parkland precinct around the new Western Sydney airport currently under construction
- Sydney is a major tourist and business centre. Over 43 million visitors travelled to Sydney in the 12 months prior to March 2020. Around 64% of visitors came from within NSW, with the majority of people travelled by private vehicle or company car<sup>3</sup>

## Impact of COVID-19

- COVID-19 has continued to impact traffic since mid-FY20 following government-mandated movement restrictions. In instances of easing restrictions, traffic volumes have progressively recovered, partly driven by people opting to travel in private vehicles rather than public transport given health and safety considerations<sup>4</sup>
- Progress in vaccination rollout in NSW with more than 75% of people over the age of 16 with one dose and over 45% fully vaccinated as of mid-September<sup>5</sup>. NSW Government currently intending to accelerate the easing of restrictions when NSW adult population reaches 70% double dose target<sup>6</sup>

1. Australian Bureau of Statistics, Regional Population, 2019-20.

2. Australian Bureau of Statistics, Labour Force, Australia, Detailed, July 2021, Table 16.

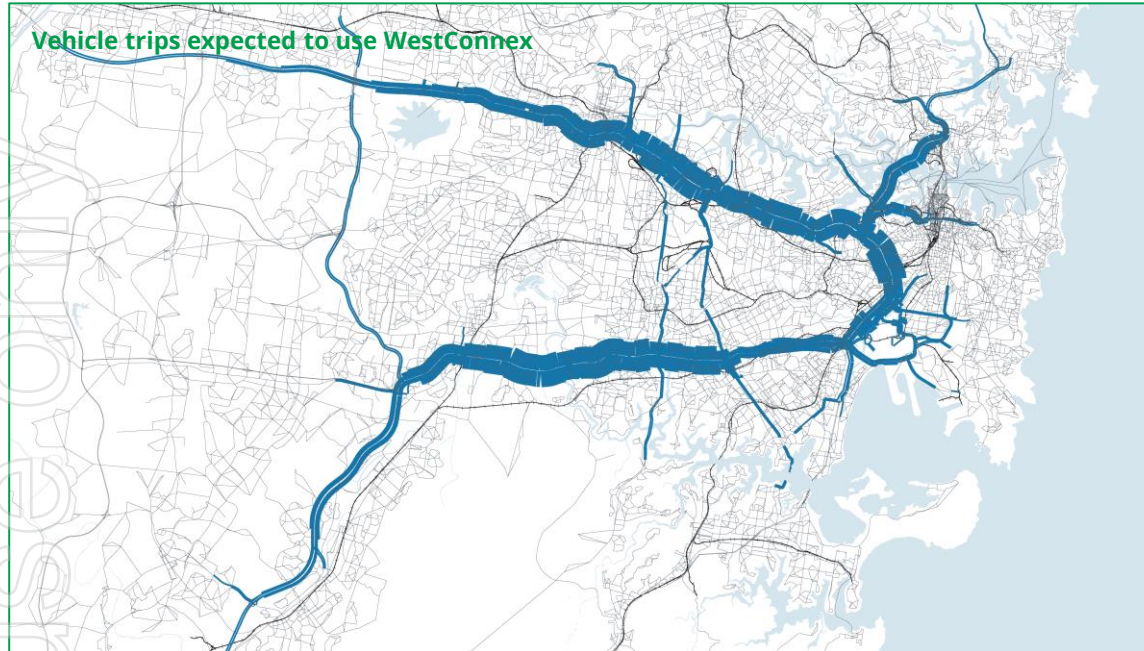
3. NSW Government, Destination NSW Sydney Visitor Profile Year ended March 2020.

4. Urban Mobility Trends from COVID-19 Industry Report (2021). Survey commissioned by Transurban and conducted by Nature in January 2021, of 3,308 residents across Sydney, Melbourne and Brisbane. See Slides 20 and 21 for further information on WestConnex traffic.

5. Department of Health, COVID-19 vaccination – Doses by age and sex, data as at 13 September 2021.

6. NSW Government media release, Roadmap to freedom unveiled for the fully vaccinated, dated 9 September 2021.

# 40% OF SYDNEY POPULATION EXPECTED TO LIVE WITHIN 5KM OF WESTCONNEX<sup>1</sup>

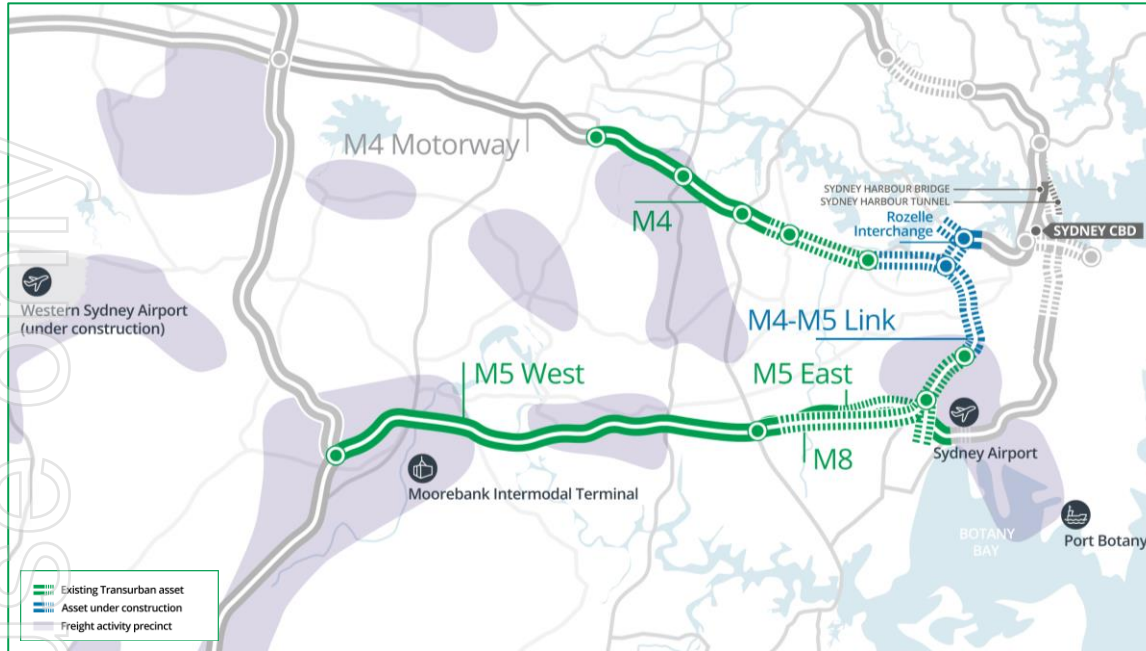


- WestConnex benefits from the structural growth drivers of Sydney by providing a critical connection linking the population and employment centres in Sydney's west and south-west to key economic centres (Sydney CBD, Sydney Airport and Port Botany)
- There are a diverse range of reasons why people use toll roads in Sydney, with the majority of people using toll roads for personal or leisure trips<sup>2</sup>

1. By 2031, based on Deloitte Access Economics estimates and Transurban's own internal estimates and assessments. Expectations relating to population and employment growth are based on a number of assumptions including fertility and mortality rates, overseas and interstate migration, land use, the form and timing of government planning and infrastructure policies, demographic trends and macroeconomic factors and there can be no assurance that these projections are accurate and actual outcomes may differ materially from such projections because events and actual circumstances frequently do not occur as projected. See the Key risks for further information. Based on the Greater Sydney Greater Capital City Statistical Area.

2. Refer to slide 24 for further information.

# AROUND 80% OF THE GREATER SYDNEY FREIGHT TASK IS UNDERTAKEN BY ROAD<sup>1</sup>

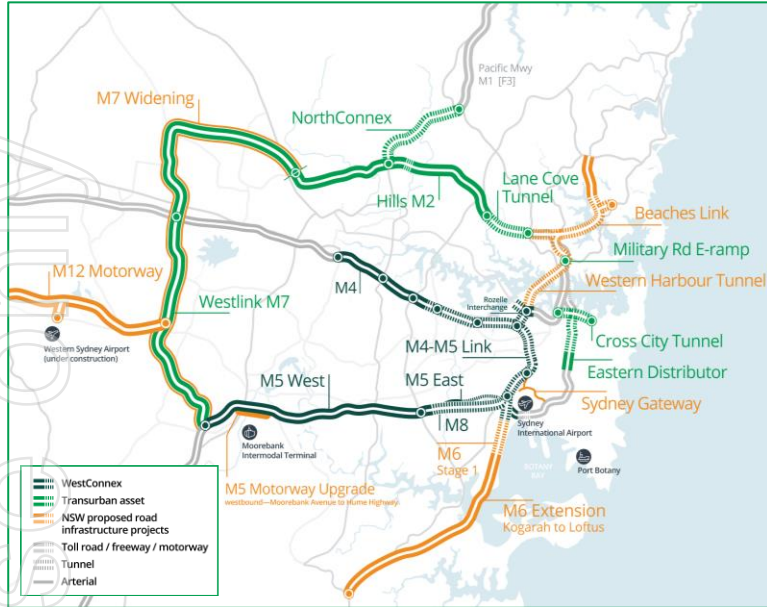


- WestConnex is a beneficiary of the resilience and growth in commercial traffic<sup>2</sup>
- Location facilitates connectivity between key centres of commercial and industrial activity, with:
  - Freight activity precincts clustered around the M4 and M5 Motorways, and
  - WestConnex corridors providing enhanced connectivity from Western Sydney freight activity precincts to the airport and port
- Well-positioned to support development across Sydney

1. NSW Freight and Ports Plan, Part 2: The State of Freight, [transport.nsw.gov.au/projects/strategy/nsw-freight-and-ports-plan-0/part-2-state-of-freight#The\\_Greater\\_Sydney\\_freight\\_network](https://transport.nsw.gov.au/projects/strategy/nsw-freight-and-ports-plan-0/part-2-state-of-freight#The_Greater_Sydney_freight_network) (accessed 9 September 2021).

2. Refer to Transurban Investor Briefings May 2020 – August 2021.

# FUTURE ROAD INFRASTRUCTURE INVESTMENT ACROSS SYDNEY



- Ongoing road infrastructure investment across Sydney is expected to be required to meet future demand. New government projects are expected to be required to support expected future population growth and demand for roads, with WestConnex well positioned to benefit
- Near-term asset enhancement opportunities
  - M7 staged widening and M7/M12 interchange
- Other NSW infrastructure project updates
  - Sydney Gateway construction expected to start in 2021 and be complete in 2024<sup>1</sup>
  - M6 Stage 1 expected to start in 2022 and be complete in late 2025<sup>2</sup>
  - M12 Motorway construction is expected to start in mid-2022 and be complete before the new Western Sydney International Airport opens in 2026<sup>3</sup>
  - Western Harbour Tunnel and Warringah Freeway Upgrade, early works for Warringah Freeway Upgrade commenced in March 2021 with project completion expected in 2026<sup>4</sup>
  - Beaches Link and Gore Hill Freeway Connection construction is expected to start in 2023 and be complete by 2028<sup>5</sup>
  - M5 Westbound Traffic Upgrade, from Moorebank Avenue to Hume Highway, is expected to start construction in 2022 and be complete in 2025<sup>6</sup>

1. Source: [caportal.com.au/rms/sydney-gateway/documents/environmental-approvals](https://caportal.com.au/rms/sydney-gateway/documents/environmental-approvals) (accessed 16 September 2021)

2. NSW Government media release, *One step closer to starting construction* (June 2021); Source: [caportal.com.au/rms/m6/documents](https://caportal.com.au/rms/m6/documents) (accessed 16 September 2021)

3. Source: [roads-waterways.transport.nsw.gov.au/projects/m12-motorway/index.html](https://roads-waterways.transport.nsw.gov.au/projects/m12-motorway/index.html) (accessed 16 September 2021)

4. Source: [caportal.com.au/rms/wht](https://caportal.com.au/rms/wht) (accessed 16 September 2021)

5. Source: [caportal.com.au/rms/bl/map](https://caportal.com.au/rms/bl/map) (accessed 16 September 2021)

6. Source: [investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=113652-20NSW-NP](https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=113652-20NSW-NP) (accessed 16 September 2021)

## Relevant comparable transactions—concession period<sup>1</sup> and EV / EBITDA multiples<sup>2</sup>



- Transurban's 50% stake in WestConnex has been acquired for a total of \$9.7 billion
- Implied enterprise value for 100% of WestConnex of \$33 billion in 2021 (\$25 billion in 2018)<sup>3</sup>
- Increase in value largely driven by valuation roll forward incorporating time value of cash flows and the improved cash flow profile:
  - Almost \$3 billion of capex spent in the period 2018 to 2021. 82% of total projected capex has been spent<sup>4</sup>
  - Three assets have commenced tolling since 2018 (M4, M8 and M5 East)
  - WestConnex is three years closer to the final assets contributing cashflows. Tolling is expected to commence on M4-M5 Link during FY23 and M5 West will join the network in FY27

1. Concession years remaining at financial close of the relevant acquisition.

2. Refer to slide 59 for further information.

3. Enterprise value includes net debt.

4. Total projected capex of \$3.1 billion, net of State Works Contribution, from the initial 2018 acquisition to completion of WestConnex (excluding Rozelle Interchange). See the Key risks for further information.

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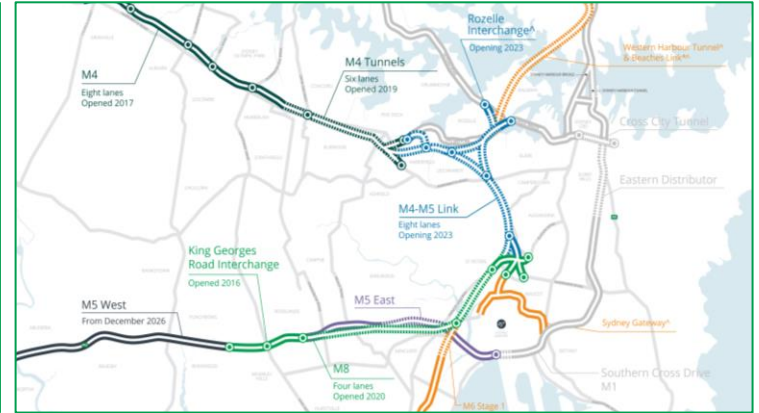
# WESTCONNEX OVERVIEW



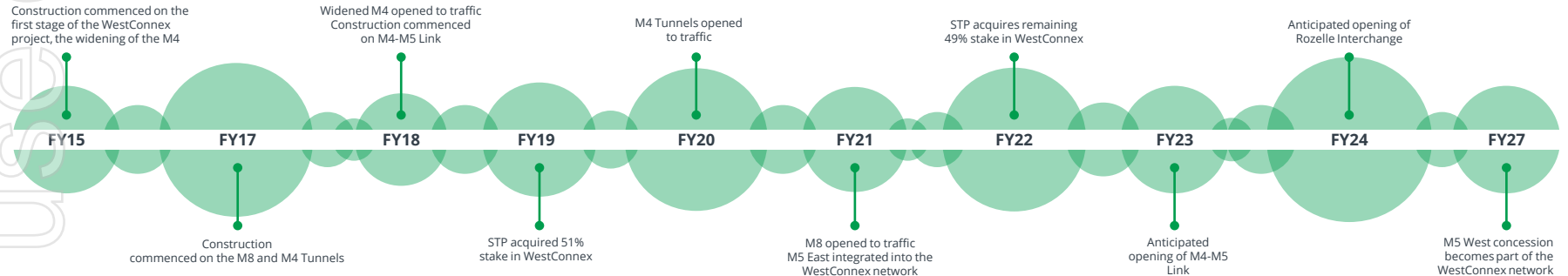


# WESTCONNEX OVERVIEW

- Once completed, WestConnex will comprise six assets, owned across three separate concession agreements with each expiring in 2060
- Four of those six assets are operational with two construction projects ongoing
- Collectively, the WestConnex assets will form a ~70km network linking Sydney's west with the Sydney CBD, Sydney Airport and Port Botany
- Tolls for each vehicle class are based on distance travelled and flag fall up to a cap<sup>1</sup>. From December 2026, the M5 West will be excluded from this cap and the distance-based tolling
- Tolls escalate at the greater of 4% or CPI through to 2040, and thereafter, the greater of 0% or CPI through to concession expiry in 2060<sup>2</sup>



## WestConnex progressive development



1. Refer to slide 45 for further detail.

2. Not including M5 West which after December 2026 escalates quarterly by CPI. See slide 45 for further information.

## M4 (WestConnex Stage 1)

- **M4:** comprising the widened M4 (opened July 2017) and the M4 Tunnels (opened July 2019)
- The M4 is an established traffic corridor connecting the fast-growing Parramatta and Western Sydney region to the Sydney CBD
- As part of the WestConnex project, the existing M4 motorway was widened to four lanes in each direction from Parramatta to Homebush
- The project also included extending the M4 via a new 5.5km twin tunnel (M4 Tunnels) from near Homebush Bay Drive at Homebush to Parramatta Road and City West Link (Wattle Street) at Haberfield

## M8, M5 East & M5 West (WestConnex Stage 2)

- **M8:** a new 11km motorway opened in July 2020, with the project including:
  - Surface widening of M5 East, from King Georges Rd to a new tunnel portal
  - New 9km twin tunnels, marked for two lanes (built to accommodate three lanes from Kingsgrove to Arncliffe and five lanes from Arncliffe to St Peters)
  - Provision for connections at St Peters Interchange to the future M6 Stage 1 and Sydney Gateway to the airport
- **M5 East:** first opened in 2001 between King Georges Road and General Holmes Drive. Tolled and operated by Transurban since July 2020 when the M8 opened
- **M5 West:** existing motorway of three lanes in each direction, stretching between the M5 East and Westlink M7. Forms part of the WestConnex portfolio from December 2026. M5 West is 100% owned by Transurban after the remaining 34.62% minority interest was acquired in October 2019

## M4-M5 Link & Rozelle Interchange (WestConnex Stage 3)

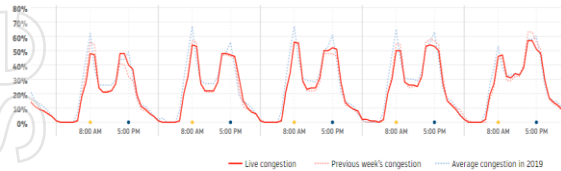
- **M4-M5 Link Tunnels:** new 7.5km twin tunnels of four lanes in each direction connecting the M4 Tunnels at Haberfield to the M8 at St Peters, and stub connections for the future Rozelle Interchange and Iron Cove Link. Anticipated opening in 2023
- **Rozelle Interchange and Iron Cove Link:** new interchange connecting the M4-M5 Link Tunnels and Anzac Bridge, including provision for future connectivity to the potential Western Harbour Tunnel. Rozelle Interchange and Iron Cove Link are being funded and delivered by TfNSW. Anticipated opening in 2024

# DATA-DRIVEN ANALYSIS TO ENHANCE THE NETWORK

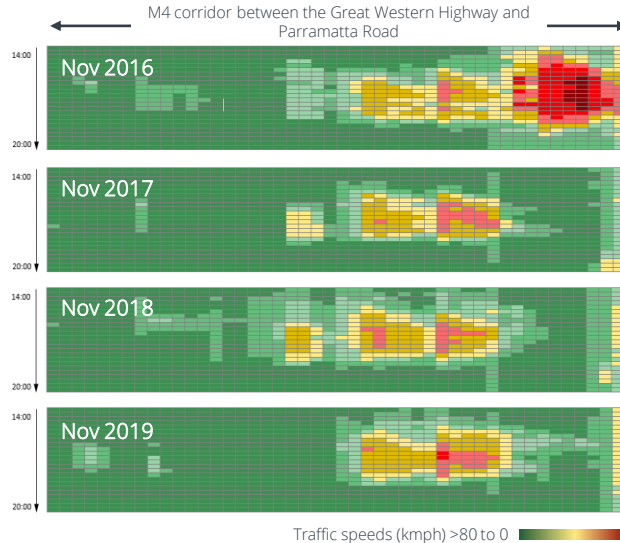
## Origins of trips using WestConnex<sup>1</sup>



## Sydney Hourly Congestion Level<sup>3</sup>



## M4 traffic flow analysis<sup>2</sup>



- Transurban uses internal toll and publicly available data sources to analyse the WestConnex road network
- The analysis provides insights into network performances on various metrics to inform actions to facilitate network enhancements, including ways to:
  - Improve customer experience through faster travel times by addressing congestion at key pinch points
  - Improve safety outcomes by lowering congestion and reducing risks
  - Improve preparedness to manage response times with better knowledge of critical periods
  - Focus maintenance activities to manage wear and tear by understanding trip patterns

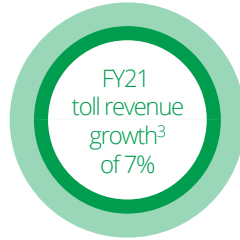
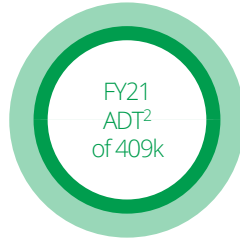
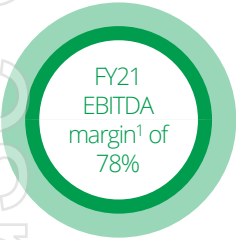
1. Shows the expected trip density on WestConnex from trips that are expected to originate from various locations across Sydney – Transurban Strategic Transport Model.

2. Based on TomTom traffic data. The diagrams show congestion on the M4 corridor between the Great Western Highway and Parramatta Road from 2016 to 2019.

3. Based on TomTom City Index data. Shows Sydney road network congestion profile for a week in late 2020.

## WestConnex

- COVID-19 has continued to impact traffic since mid-FY20 following government-mandated movement restrictions and poses ongoing uncertainty, with WestConnex traffic remaining sensitive to future government responses to COVID-19 and overall economic conditions
- During FY21, WestConnex assets were particularly resilient, supported by commercial traffic strength and the rapid traffic response following the easing of movement restrictions in Sydney
- WestConnex cashflows are expected to be supported by progressive opening of the M4-M5 Link and Rozelle Interchange, inclusion of the M5 West in the portfolio from December 2026, linkage of traffic into WestConnex as new roads come online, and toll escalation

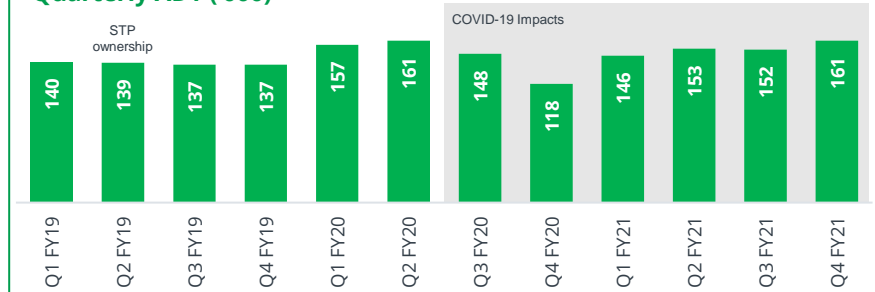


1. Margin calculated on a 100% ownership basis for M5 West, M4 and M8/M5 East.  
 2. Source: Based on Transurban FY21 ASX results, and includes ADT from M4, M8/M5 East and M5 West.  
 3. Toll revenue calculated on a 100% ownership basis for M5 West and M4.  
 4. Source: Transurban ASX releases.

## M4

- When STP acquired its initial 51% interest in WestConnex in 2018, only the widened M4 section of the M4 was open, with the M4 Tunnels still in the delivery phase
- The M4 Tunnels opened to traffic in July 2019, providing a much-needed alternative to the highly congested Parramatta Road
- During FY21, traffic progressively returned to the M4 corridor with the most recent Q4 FY21 traffic in line with historical highs

## Quarterly ADT ('000)<sup>4</sup>



## M8 / M5 East

- M8 opened on 5 July 2020, coinciding with tolling commencement on the existing M5 East
- Travel-time savings of up to 19 minutes are driving a strong value proposition for motorists<sup>1</sup>
- Traffic levels through the corridor have proved resilient to application of tolls on the M5 East during FY21 (106,000 trips a day in 2014<sup>2</sup>)

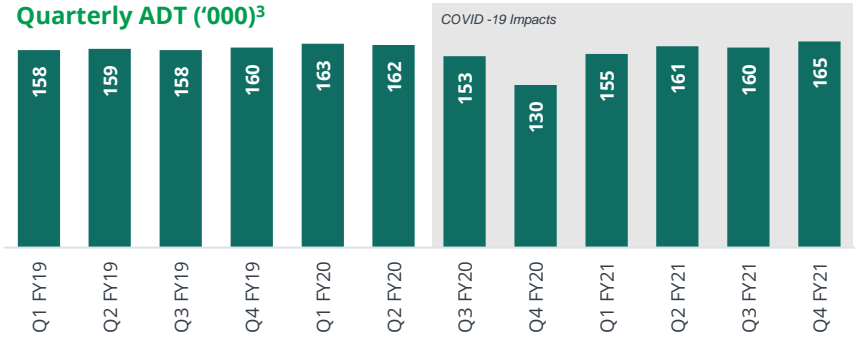
## Quarterly ADT ('000)<sup>3</sup>



## M5 West

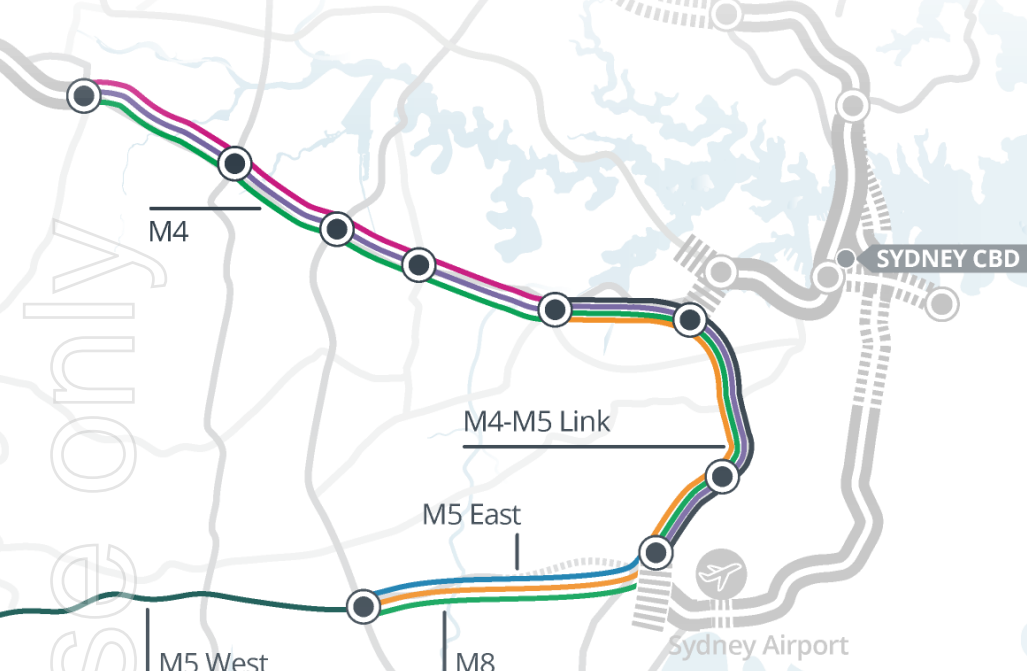
- The M5 West becomes part of the WestConnex portfolio from December 2026, however, it also serves as a key feeder route for the M8 / M5 East
- Traffic on the M5 West has been particularly resilient to COVID-19 and any associated restrictions, partly due to the M5 West being a key corridor for commercial customers, and the government cashback scheme offered for non-commercial motorists using the motorway
- Traffic exceeded historical highs in Q4 FY21 demonstrating the quality of the asset

## Quarterly ADT ('000)<sup>3</sup>



1. Travel-time savings based on TomTom data for average workday in April 2021 in the PM peak period of 2pm to 8pm.  
 2. Source: New M5 (East) EIS traffic report, November 2015.  
 3. Source: Transurban ASX quarterly results.

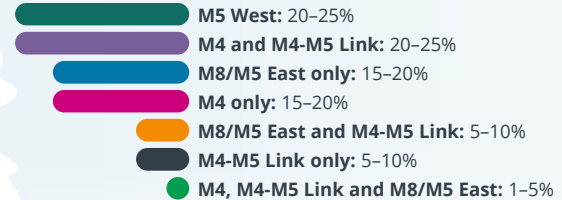
# INTEGRATED TOLLING ACROSS WESTCONNEX



## Tolling integrated across the WestConnex network<sup>1</sup>

- Revenue is distributed to the WestConnex concession entities on a pro-rata basis based on the distance travelled on each segment
- The M5 West will continue to operate under a separate tolling policy to the remainder of WestConnex even after its inclusion in WestConnex. The M5 West will be excluded from distance-based tolling and the toll cap<sup>1</sup>
- FY28 represents the first full financial year after expected construction of all planned stages and inclusion of the M5 West concession as part of WestConnex

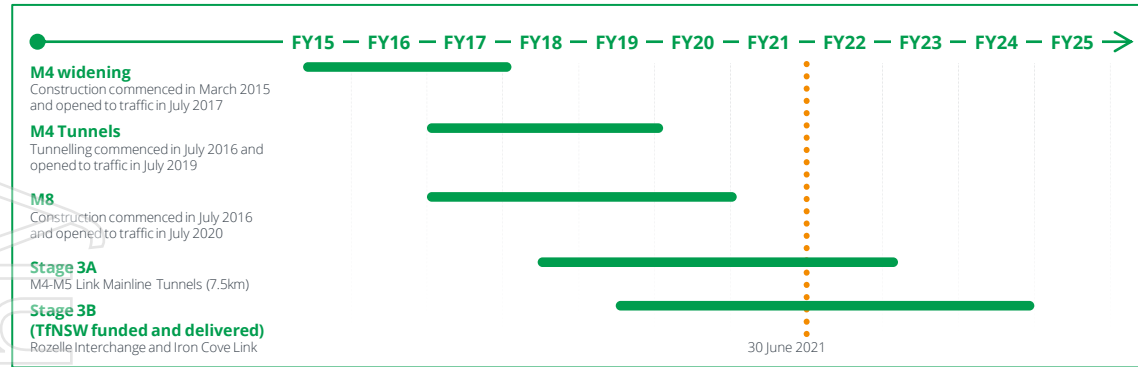
## Estimated FY28 revenue contribution forecasts—split by assets used<sup>2,3</sup>



1. See slide 45 for further information.

2. Based on Transurban management's estimates and assessment, having regard to the WestConnex Business Plan. See the Basis of Preparation on slide 54 for information on the preparation of the WestConnex Business Plan. Expectations relating to traffic are based on a number of assumptions including changes to the Sydney road network (for example the proposed projects referred to on slide 14), land use profiles and macroeconomic factors. There can be no assurance that these projections are accurate and actual outcomes may differ materially from such projections because events and actual circumstances frequently do not occur as projected. See the Key risks (in particular Key risk 1.1 on "COVID-19 pandemic", Key risk 1.3 on "Traffic volumes", and Key risk 1.4 on the "Impact of forecasts and modelling on Transurban's business and growth projects") for further information.

3. Provided as ranges and will not sum to 100%. Also noting that trips may not travel the full length of the assets used.



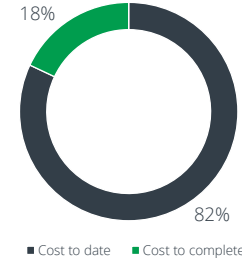
## M4-M5 Link Tunnels (Stage 3A)

- Tunneling excavation is on track to be complete by the end of 2021, with one mainline tunnel breakthrough remaining
- More than 8 million tonnes of spoil has been removed to date, with paving also more than 60 per cent complete
- More than 9,000 people have been involved in the project to date

## Rozelle Interchange and Iron Cove Link (Stage 3B)

- Stage 3B is being funded and delivered by TfNSW, and will be incorporated into WestConnex upon completion on an unencumbered basis and without a requirement for further payments
- Prior to government-mandated restrictions, there were over 1,500 people working on the project each day. 23 road headers are ~66% complete in excavating the 24 kilometres of tunnels
- To date, there has been no indication from TfNSW of any material issues that may result in changes to the timeline with TfNSW continuing to expect project completion in FY24
- Penalties for Stage 3B delays due to construction and COVID-19 related delays are payable to WestConnex if project completion is not achieved in FY24

## Forecast cost to complete (100% basis)<sup>1</sup>



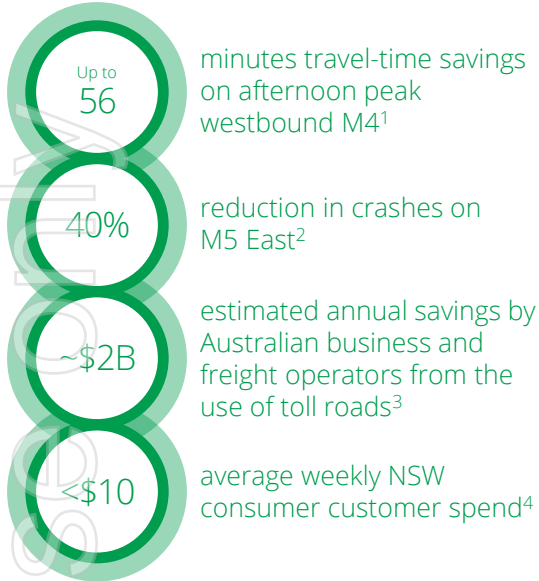
- Project remains on budget with ~18% of capex remaining to be delivered<sup>2</sup>
- Around \$0.5 billion remaining capex on a 100% basis represents forecast WestConnex contribution to completion, excluding TfNSW contributions

1. Based on Transurban management's estimates and assessment, as at 30 June 2021, having regard to the WestConnex Business Plan. See the Basis of Preparation on slide 54 for information on the preparation of the WestConnex Business Plan.

2. Total projected capex of \$3.1 billion, net of State Works Contribution, from the initial 2018 acquisition to completion of WestConnex (excluding Rozelle Interchange). See the Key risks for further information.

# CUSTOMER HIGHLIGHTS

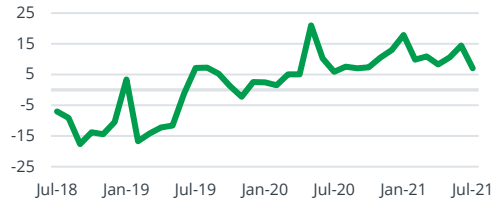
Close to 150 million trips across the WestConnex assets in the twelve-month period from 1 July 2020 to 30 June 2021. WestConnex offers customers faster, safer, more efficient routes around Sydney



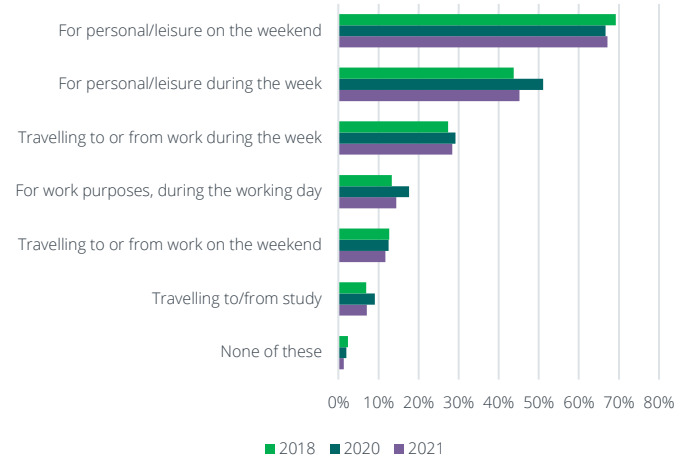
## Empowering customers through data

- Transurban's Voice of Customer (VoC) program provides comprehensive metrics to gauge customers' on road experience. These insights are based on around 6,500 pieces of feedback per annum
- Transurban's NPS for on-road experience in NSW has trended up from early 2018

## NSW on-road experience Net Promoter Score<sup>5</sup>



## Reasons people use Sydney toll roads<sup>6</sup>



1. Based on average travel-time savings at 5PM for the month of April 2021. Source: TomTom data.

2. Comparing Operations & Maintenance crash data for the 6 months prior with 12 months post the opening of the M8.

3. KMPG analysis, Economic contribution of Sydney's toll roads, May 2021. Estimated economic benefit of Greater Sydney with a tolled motorway road network compared to without a tolled motorway network.

4. Consumer accounts for the period February 2020 to January 2021.

5. Net Promoter Score (NPS) measures customer advocacy for a company. NPS is measured with a single survey question and reported with a number from -100 to +100; a higher score is desirable.

6. 1,000 drivers surveyed each year across Greater Sydney on the reasons that they use toll roads. Surveys allowed respondents to select multiple answers.



# PARTNERING WITH COMMUNITIES

## Increased engagement and community support



- **Canal to Creek artwork portal.** WestConnex and Transurban developed an interactive education art portal for high school students with 360-degree imagery of the Canal to Creek artwork
- **Virtual tunnel opening.** Innovative virtual community M8 tunnel opening event reached over 50,000 people from across the country who participated in a virtual tour with our project team

## Investing in community grants and partnerships



- **Community grants.** Over the past five years, almost 360 community grants of up to \$10,000 each have been awarded to local organisations across Sydney
- **Road safety partnerships.** WestConnex's partnership with road safety educator, Blue Datto Foundation, enabled around 25,000 students to participate in its award-winning road safety program, 'Keeping Safe,' providing vital education to help young people remain safe on NSW roads

## Celebrating the delivery of open space and cycleways



- **Revitalising open space.** WestConnex is providing more than 18 hectares of new and revitalised open space with Rozelle Interchange delivering around 10 hectares of open space
- Almost 6,000 homes are now within a 10-minute walk of Ismay Reserve, a previously unused corridor in Sydney's west transformed into a popular new public recreation space

Increased positive sentiment towards WestConnex<sup>1</sup>

2019

56%

68%

2020

1. Source: Transurban commissioned research: Community Attitudes to WestConnex December 2020.

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# WEST GATE TUNNEL PROJECT UPDATE

# WEST GATE TUNNEL PROJECT – DISPUTE UPDATE

- Detailed disclosures on West Gate Tunnel Project were provided in the Transurban FY21 Investor Presentation on 9 August 2021
- Subsequently, the project parties have continued a mediation process to seek a commercial resolution. Negotiations remain challenging and may not result in a commercial agreement
- In order to reach a commercial agreement, Transurban believes all project parties would be required to make a meaningful financial contribution. The value, form and structure of any contribution made by Transurban, as well as the timing of any payments, will depend upon a number of factors. These include agreement on remaining project costs, costs incurred directly by Transurban, agreement on risk-allocation and commitment by the parties to the timely and efficient completion of the project amongst others
- Transurban's estimates of additional costs are subject to a number of assumptions including risk profile, commencement of tunnelling in early 2022 and completion timing. The potential cost components that Transurban expects will form part of any commercial agreement include:
  - The D&C subcontractor's increased construction costs, estimated by Transurban and based on independent analysis to be in the order of \$3.3 billion. The D&C subcontractor's claims are higher
  - Disposal site activation costs of \$132 million funded by Transurban on a rights reserved basis
  - Transurban's direct project costs incurred and revenue impacts due to delays to the project which could be cumulatively in excess of \$450 million over time
- If matters are not resolved commercially, legal pathways can be pursued by the project parties under the existing contracts, with continuing obligations on the parties to deliver the project

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# CAPITAL MANAGEMENT



# TRANSURBAN CAPITAL MANAGEMENT APPROACH

Balancing growth in distributions and investment in new opportunities to increase long-term value



## **Robust balance sheet provides optionality for investment in new opportunities**

*Following equity raise, capacity remains for general corporate purposes including new opportunities*



## **Resilient cash flows underpinned by essential infrastructure**

*Cashflows supported by market diversification and resilience in commercial traffic*



## **Long-term growth in Free Cash to fund distributions**

*Long-term Free Cash generation and distributions underpinned by strong asset fundamentals, with potential longer-term upside from future infrastructure development, and economic growth across Greater Sydney*



## **Funding certainty and diversification**

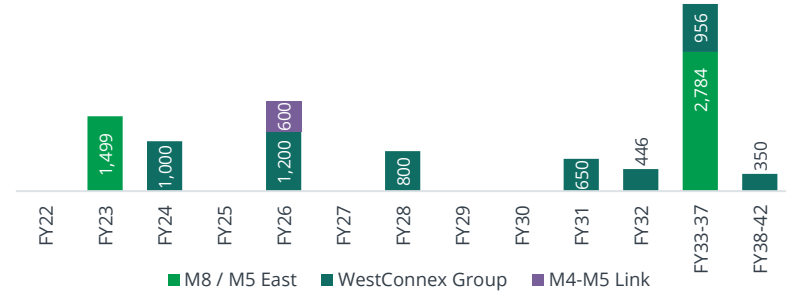
*Over 99% of existing debt book is interest rate hedged with average tenor of close to eight years<sup>1</sup>*

<sup>1</sup>. As at 30 June 2021.

# WESTCONNEX CAPITAL STRATEGY AND MANAGEMENT

- WestConnex's capital strategy is aligned with Transurban's approach and will support the delivery of the Group's objectives
- WestConnex optimises its financing structure by reducing refinancing risk and diversifying funding sources
- Over the last twelve months, WestConnex has undertaken a number of transactions to meet its objectives:
  - Raising \$4.2 billion in December 2020 as part of restructuring and refinancing the M4 debt facilities to the WestConnex Group level; and
  - Accessing debt capital markets in March 2021 with a \$650 million domestic medium term note issuance, and in May 2021 with a \$1.8 billion issuance in the US Private Placement market<sup>2</sup>
- It is anticipated that remaining asset-level debt at WestConnex will migrate to the WestConnex Group level over time, which will provide greater flexibility over funding requirements

Debt maturity profile and key metrics (\$m)<sup>1,2</sup>



	Entity	WestConnex Group	WestConnex M5	WestConnex M4-M5 Link	Total
Debt balance	Drawn debt	\$5,402 million	\$3,728 million <sup>3</sup>	\$600 million	<b>\$9,730 million</b>
	Facilities	\$5,402 million	\$4,284 million	\$600 million	<b>\$10,286 million</b>
Weighted average maturity			8.2 years		
Weighted average cost of debt			3.3%		

1. The full value of drawn facilities is shown, not Transurban's share, as this is the value of debt for refinancing purposes. Debt is shown in the financial year in which it matures.

2. Debt values are shown in AUD as at 30 June 2021. USD debt is converted at the rate hedged with cross currency swaps.

3. Inclusive of the Australian Commonwealth Subordinated Loan of \$2.2 billion, which is subordinated to senior debt held at the M5 concession level.

# PROGRESSIVELY BUILDING CASH FLOWS SUPPORT GROWTH AND DISTRIBUTIONS

## Long-term growth in Free Cash

- WestConnex's long-term Free Cash generation driven by:
  - Multi-decade concession agreements
  - Diversified traffic mix and trip sources
  - 4% annual price floor escalation until 2040 and longer-term inflation-protected tolling mechanism<sup>1</sup>
  - Medium-term traffic upside following inclusion of the M4-M5 Link and M5 West
  - Medium-term traffic upside as new road infrastructure projects link into WestConnex

## Cash flows to support Capital Releases

- WestConnex's traffic volumes and cash flows expected to support additional gearing over time
- \$278 million Capital Release from WestConnex brought forward in June 2021 as part of over \$2.6 billion of potential Capital Releases expected to be achieved across Transurban's portfolio between FY21-25
- Timing and amount of Capital Releases remain uncertain and subject to a variety of factors, including the relevant asset performance, debt capital market and broader macroeconomic conditions



of potential further Capital Releases until FY25 resulting from the increased stake in WestConnex

## Capital Releases provide further funds for capital management optionality

- Once the expected additional Capital Releases are received, and subject to the outlook at the time, Transurban is likely to use a portion of the additional WestConnex Capital Releases in the first two years following the Acquisition to minimise dilution in Free Cash per security
- Opportunity to use Capital Releases for future investment in new opportunities

<sup>1</sup>. Not including M5 West which after December 2026 escalates quarterly by CPI. See slide 45 for further information.

# BALANCE SHEET CAPACITY FOR FUTURE OPTIONALITY

- At 30 June 2021 the Group had \$6.0 billion in corporate liquidity<sup>1</sup>, comprising \$3.3 billion of cash and \$2.7 billion of undrawn borrowing facilities
- Balance sheet is prudently managed to maximise optionality for investment in the pipeline of new opportunities
- Capital management approach involves maintaining a sufficient level of balance sheet liquidity to meet distributions, working capital requirements and to pursue growth projects
- Acquisition funding strategy, including Entitlement Offer and Placement, allows retention of liquidity for general corporate purposes and future growth opportunities

REGION	POTENTIAL OPPORTUNITIES <sup>2</sup>	NEXT 5 YEARS	5+ YEARS
Sydney	M7 staged widening and M7/M12 interchange	✓	
	Western Harbour Tunnel and Sydney Harbour Tunnel potential monetisation		✓
	M6 potential monetisation (formerly known as F6 extension)		✓
	Beaches Link potential monetisation		✓
Melbourne	North East Link potential monetisation		✓
Brisbane	Gateway Motorway widening	✓	
	Logan Motorway widening	✓	
	Broader network enhancements including in relation to Brisbane 2032 <sup>3</sup>		✓
North America	Phase 1 of Maryland Express Lanes Project	✓	
	Capital Beltway Accord	✓	
	Express Lanes enhancements and/or extensions	✓	
	Future traditional toll road and Express Lanes acquisition opportunities	✓	✓
	Maryland Express Lanes Project future phases		✓

1. Final distribution of \$588 million paid on 23 August 2021.

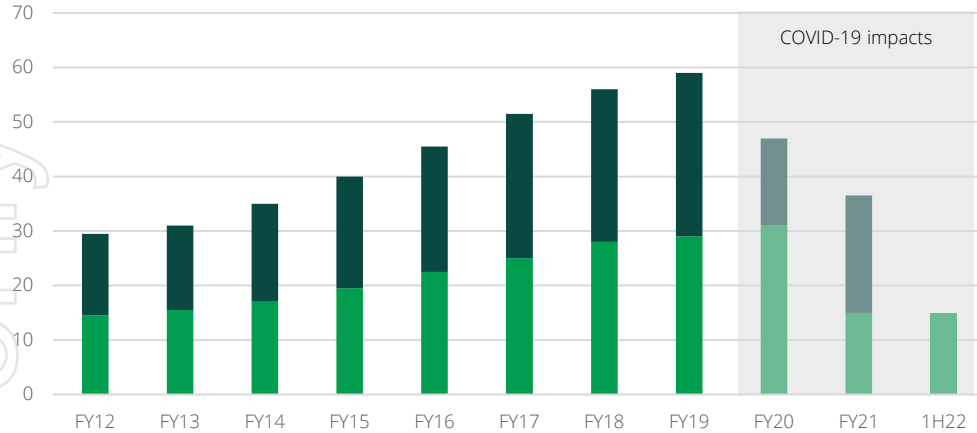
2. No assurance can be given that these potential opportunities will eventuate on the timetable outlined or at all, or that Transurban will be able to participate in them. Transurban's ability to participate in any future projects or acquisitions will be subject to, among other things, applicable government processes and the receipt of relevant regulatory approvals.

3. Transurban is not a sponsor of the Olympic Games, any Olympic Committees or teams.



# BALANCING DISTRIBUTIONS WITH FUTURE GROWTH

## ¢ per security



- Track record of delivering distributions to securityholders even during the peak of COVID-19 in 2020
- Prudently managed balance sheet provides sufficient headroom to withstand sustained impact to traffic volumes and underpins future distribution growth in line with expected traffic recovery
- The Acquisition is expected to be Free Cash per security accretive over the near, medium and long-term when including Capital Releases, and slightly dilutive near-term excluding Capital Releases, as a result of the timing of the Entitlement Offer and Placement relative to the timing of Free Cash generation from WestConnex<sup>1</sup>

15.0 cps

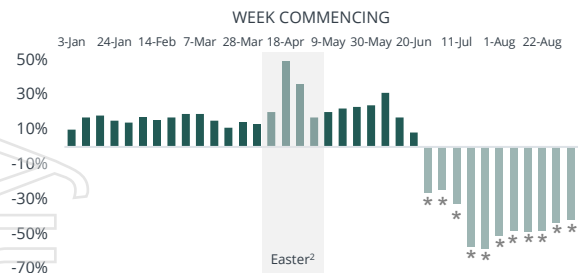
Distribution guidance of 15.0 cps for 1H22<sup>1</sup>. Distribution may not align to 1H22 Free Cash. Securities issued as part of the Entitlement Offer and Placement will be entitled to 1H22 distribution.

Total FY22 distribution is still expected to be in line with FY22 Free Cash, excluding Capital Releases<sup>1</sup>

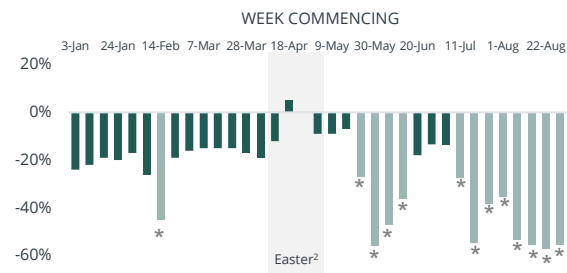
<sup>1</sup>. See slide 8 for further information.

# TRAFFIC UPDATE<sup>1</sup>

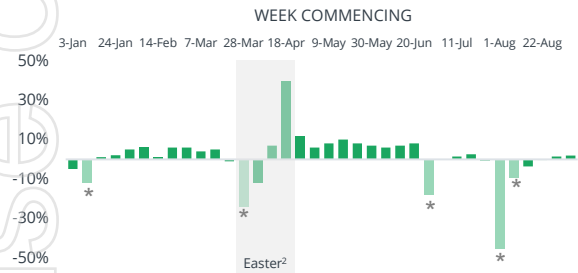
## Sydney weekly traffic 2021 vs 2019 (%)



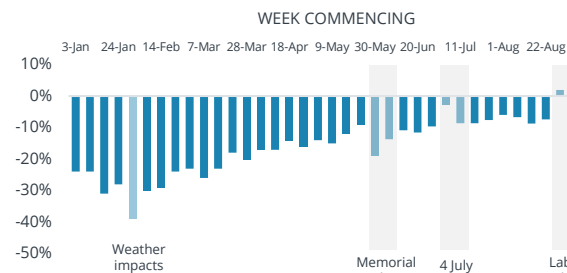
## Melbourne weekly traffic 2021 vs 2019 (%)



## Brisbane weekly traffic 2021 vs 2019 (%)



## North America weekly traffic 2021 vs 2019 (%)



- Portfolio performance will remain sensitive to future government responses to COVID-19 and overall economic conditions
- Proportional revenue impacts currently largely in line with those outlined in FY21 Results Investor Presentation<sup>3</sup>:
  - Sydney \$10-12 million per week during June 2021 restrictions, and \$16-18 million per week during the second half of July 2021 when restrictions included the shutdown of the construction industry. Sydney \$13-15 million per week averaged across July and August 2021
  - Melbourne \$7-9 million per week averaged across July and August 2021
  - Brisbane \$5-6 million per week during August 2021 restrictions (cumulative 7-day lockdown)
- Pro-forma proportional revenue impact of additional WestConnex ownership during July and August 2021 would have been \$1-2 million per week, on average<sup>4</sup>
- Sydney market expected to benefit from improved economic activity in line with the NSW Government's re-opening targets<sup>5</sup>

\* Government mandated restrictions in place, including limitations on movement, affecting a majority of the population

1. Traffic charts updated to Saturday 11 September 2021 based on unaudited internal Transurban road data.

2. In 2021 Easter Sunday fell on 4 April. Easter Sunday in 2019 fell on 21 April.

3. Compared to the preceding weeks, with no restrictions in place and ongoing weakness in airport traffic.

4. Includes M4, M8 and M5 East.

5. NSW Government media release, Roadmap to freedom unveiled for the fully vaccinated, dated 9 September 2021.

national only

# FUNDING, STP STRUCTURE AND OFFER

# FUNDING SOURCES AND USES

## Sydney Transport Partners funding sources and uses—upfront WestConnex purchase price<sup>1</sup>

Sources	(\$b)	Uses	(\$b)
Transurban equity	5.56	Acquisition price – 49% Sell down by NSW Government <sup>2</sup>	11.11
Other STP consortium members equity	5.56		
Additional debt	0.0		
<b>Total sources of funds</b>	<b>11.11</b>	<b>Total uses of funds</b>	<b>11.11</b>

## Transurban equity contribution sources and uses<sup>1</sup>

Sources	(\$b)	Uses	(\$b)
Entitlement Offer <sup>3</sup>	3.90	Transurban share of WestConnex equity contribution to fund Acquisition price	5.56
Placement to AustralianSuper	0.25		
Available cash	1.41		
<b>Total sources of funds</b>	<b>5.56</b>	<b>Total uses of funds</b>	<b>5.56</b>

1. Figures may not add up due to rounding.

2. Includes approximately \$0.8 billion in stamp duty, payable in respect of the Acquisition.

3. Net of transaction costs and fees. Assumes approximately 305 million fully paid new securities are issued under the Entitlement Offer. The exact number of new securities to be issued under the Entitlement Offer is still to be finalised and is subject to reconciliation of security holder entitlements.

# STP OWNERSHIP STRUCTURE IN WESTCONNEX

	Ownership structure post-acquisition in 2018		Ownership structure post-financial close in 2021	
Sydney Transport Partners		25.5%		50.0%
		10.5%		20.5%
		10.5%		10.5%
	Tawreed	4.5% <sup>1</sup>	Tawreed	9.0% <sup>1</sup>
		49.0%		10.0%
RRIPL				

## STP consortium introduces a new investment partner

- Caisse de dépôt et placement du Québec (CDPQ) is a global investment group managing funds for public retirement and insurance plans. One of the three largest institutional investors in the world in infrastructure, CDPQ also invests actively in the major financial markets, private equity, real estate and private debt
- CDPQ will contribute 20.5% of the STP funding requirement for an 10.0% interest in STP
- Transurban continues to provide WestConnex with management services under the Master Services Agreement

<sup>1</sup>. Tawreed Investments Limited (Tawreed), a wholly-owned subsidiary of the Abu Dhabi Investment Authority.

# ENTITLEMENT OFFER AND PLACEMENT KEY DETAILS<sup>1</sup>

## Equity raise

- Transurban to raise \$4.22 billion through the Entitlement Offer and a Placement to STP consortium member AustralianSuper
- New Securities issued under the Entitlement Offer and Placement will rank equally with existing ordinary securities and be entitled to receive the 1H22 distribution

## Entitlement Offer

- Fully underwritten 1 for 9 accelerated pro rata renounceable Entitlement Offer with retail entitlements trading to raise gross proceeds of approximately \$3.97 billion
- Entitlement Offer price of \$13.00 per New Security
  - 8.3% discount to Transurban's closing price of \$14.18 on 17 September 2021
  - 7.5% discount to TERP<sup>2</sup> of \$14.06

## Placement

- \$250 million to be placed to AustralianSuper
- Placement issue price of \$13.07 per security, a 0.5% premium to the Entitlement Offer price

1. Refer to slides 49 and 50 for additional detail.

2. TERP is a theoretical price at which Transurban securities trade immediately after the ex date for the Entitlement Offer assuming 100% take up of the Entitlement Offer and having regard for to the Entitlement Offer ratio and securities issued under the placement. TERP is a theoretical calculation only and the actual price at which Transurban securities trade immediately after the ex date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Transurban's closing price of \$14.18 on 17 September 2021.

# INDICATIVE OFFER TIMETABLE

## Dates and times are subject to change without notice

## Timing

Announcement of WestConnex Acquisition and Entitlement Offer, trading halt commences, and institutional Entitlement Offer opens	20 September 2021
Announcement of completion of institutional Entitlement Offer	23 September 2021
Transurban securities recommence trading	23 September 2021
Retail entitlements commence trading on a deferred settlement basis	23 September 2021
Record date for the Entitlement Offer	23 September 2021
Retail Entitlement Offer opens	27 September 2021
Despatch of Retail Information Booklet and entitlement and acceptance form completed	28 September 2021
Retail entitlements commence trading on a normal settlement basis	29 September 2021
Initial Retail Closing Date – last day to apply for New Securities to be issued on the Initial Allotment Date	29 September 2021
Settlement of institutional Entitlement Offer, institutional shortfall bookbuild and initial retail acceptance	30 September 2021
Retail entitlements conclude trading	1 October 2021
Initial Allotment Date – Institutional Entitlement Offer, institutional shortfall bookbuild and initial retail acceptance	1 October 2021
Normal trading commences on ASX of New Securities issued under the initial allotment	1 October 2021
Retail Entitlement Offer closes	8 October 2021
Retail shortfall bookbuild	12 October 2021
Settlement of retail Entitlement Offer and retail shortfall bookbuild	15 October 2021
Final allotment of New Securities	18 October 2021
New Securities issued under the retail Entitlement Offer and retail shortfall bookbuild commence trading on the ASX	19 October 2021
Despatch of holding statements	20 October 2021

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# SUMMARY





# WESTCONNEX TO DELIVER LONG-TERM VALUE



Multi-decade concession life



Construction nearing completion



Traffic resilience



Capital Releases for future growth



Defined pricing escalation mechanism



Free Cash generation supports distribution growth

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# QUESTIONS AND ANSWERS



## INVESTOR ENQUIRIES

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Head of Investor Relations

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## MEDIA ENQUIRIES

Josie Brophy

Manager, Media and Communications

+61 437 165 424

M4

Rozelle  
Interchange

M4-M5 Link

M5 West

M5 East

M8

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# SUPPLEMENTARY INFORMATION

# TOLLING REGIME

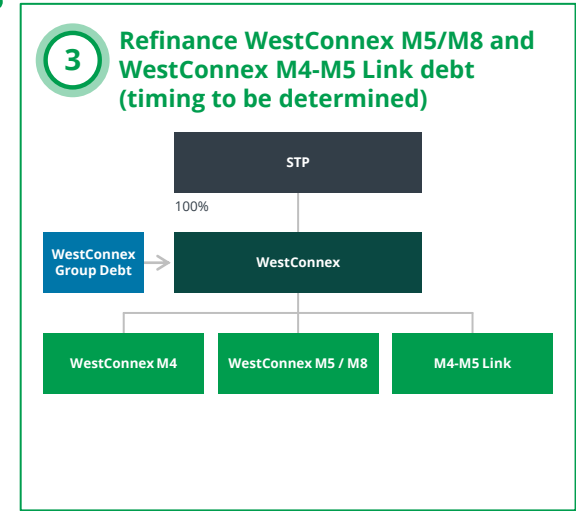
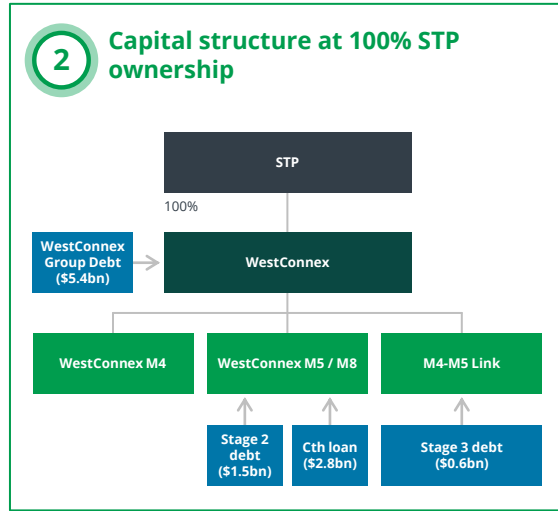
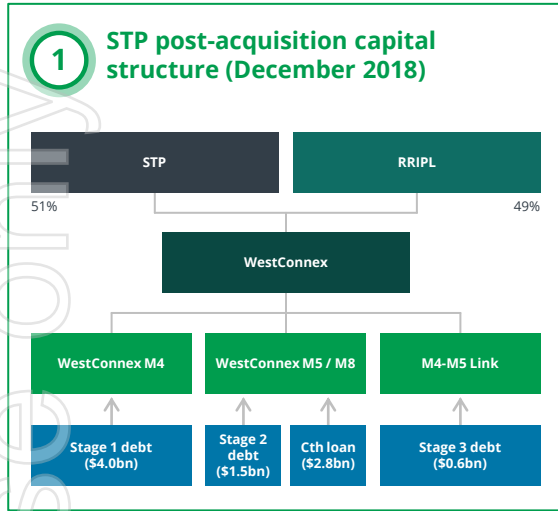
- Tolling on the WestConnex network is fully electronic, multi-lane free flow using tag and video. The tolling regime includes:
  - Flag fall plus distance-based tolls
  - Higher tolls for large vehicles (3x multiplier of cars)
- Tolloed as an integrated network, the WestConnex tolling regime has a toll cap mechanism to limit the total cost of a trip<sup>1</sup>
  - Revenue is distributed to the WestConnex concession entities on a pro-rata basis based on the distance travelled on each segment
  - The M5 West (from December 2026) will operate under a separate tolling arrangement of quarterly price escalation, and will be excluded from the distance-based tolling and toll cap
  - NSW residents benefit from the NSW Government's M5 West Cashback Scheme<sup>2</sup> which allows them to claim back the value of tolls (excl. GST) paid while using a vehicle registered in NSW for private, pensioner or charitable use

1. Note that the Toll Cap does not come into force until the M4-M5 Link is complete. Refer to slide 23 for estimated timing.

2. The continuation of this scheme is subject to government policy.

<b>WestConnex (excl. M5West)</b>	<b>2021 dollars</b>
Toll FlagFall	\$1.42
Toll Price	\$0.53 per km
Toll Cap <sup>1</sup>	\$10.06
Truck Multiplier	3x
Escalation at any time prior to 31 December 2040	Greater of CPI or 4% per annum (escalated on 1 January each year)
Escalation post 31 December 2040	Greater of CPI or 0% per annum
Concession Term Expiry	31 December 2060
<b>M5 West</b>	<b>2021 dollars (September quarter)</b>
Single car toll (each direction)	\$4.90
Truck Multiplier	3x
Escalation	Greater of CPI or 0% per quarter

# WESTCONNEX FINANCING STRUCTURE OVER TIME



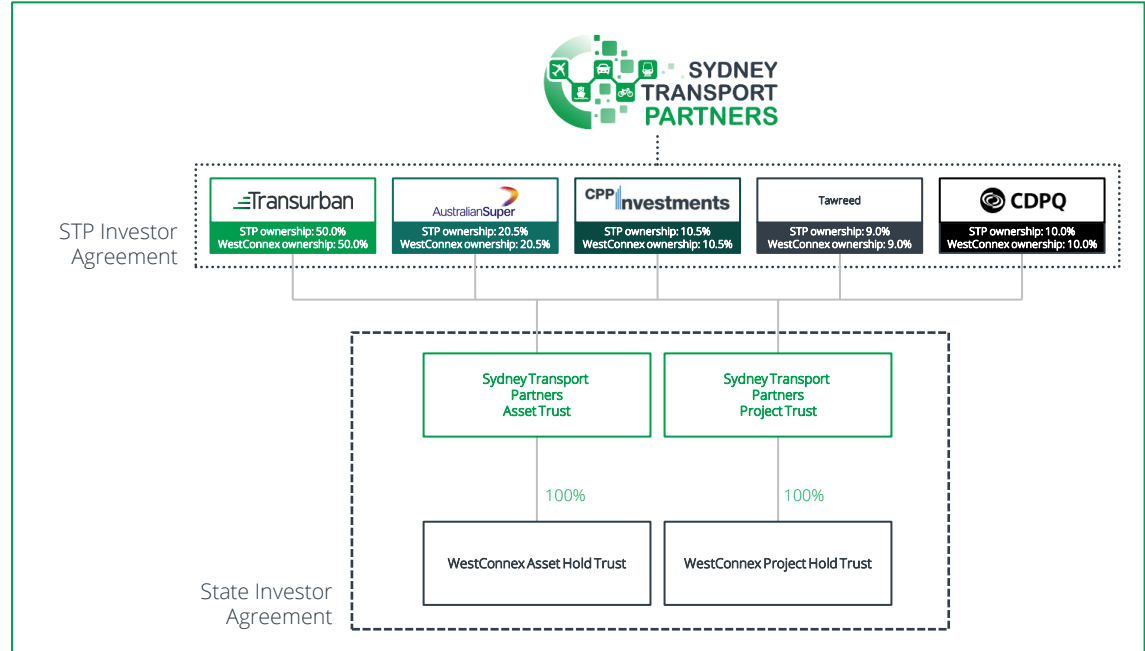
# WESTCONNEX GOVERNANCE AND TAX CONSIDERATIONS

## Governance considerations

- No material changes to Transurban’s governance rights
- Transurban continues to provide WestConnex with management services under the Master Services Agreement
- Proven governance model and co-ordinated management of WestConnex since 2018

## Tax considerations

- Transurban does not anticipate any material changes to its tax profile following the Acquisition
- WestConnex will move from cash tax paying to a flow-through trust for tax purposes following STP full ownership
- WestConnex’s distributions will flow through to THL and THT



# STP SHAREHOLDER OVERVIEW<sup>1</sup>

Transurban

A\$39bn

market capitalisation<sup>2</sup>

Transurban is a leading manager, developer, operator and long-term concessionaire of urban toll road networks in Australia and North America

50.0%

AustralianSuper

A\$233bn

of retirement savings under management<sup>3</sup>

As Australia's largest superannuation fund, AustralianSuper has more than 2.45 million members and manages more than A\$230 billion of members' savings

20.5%

CPP Investments

C\$520bn

of assets under management<sup>4</sup>

Canada Pension Plan Investment Board ("CPP Investments") is a professional investment manager that manages its fund in the best interest of the >20 million contributors and beneficiaries of the Canada Pension Plan, with a diversified global portfolio including public and private equities, real estate, infrastructure and fixed income.

10.5%

CDPQ

C\$390bn

of net assets under management<sup>5</sup>

Caisse de dépôt et placement du Québec ("CDPQ") is a global investment group managing funds for public retirement and insurance plans. One of the three largest institutional investors in the world in infrastructure, CDPQ also invests actively in the major financial markets, private equity, real estate and private debt

10.0%

Tawreed

Tawreed Investments Limited is a wholly owned subsidiary of ADIA

The Abu Dhabi Investment Authority ("ADIA") is a globally-diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi through a strategy focused on long-term value creation

9.0%

1. Consortium members ownership interests in STP are on a post-financial close basis.

2. Based on a closing share price of \$14.23 as of 30 June 2021

3. As of 30 June 2021. See further information at [australiansuper.com/superannuation/superannuation-articles/2021/07/ceo-year-end-returns-30-june-21](https://australiansuper.com/superannuation/superannuation-articles/2021/07/ceo-year-end-returns-30-june-21) (accessed on 16 September 2021)

4. As of 30 June 2021. See further information at [cppinvestments.com/the-fund/our-performance](https://cppinvestments.com/the-fund/our-performance) (accessed on 16 September 2021)

5. As of 30 June 2021. See further information at [cdpq.com/en/news/pressreleases/six-month-results-2021](https://cdpq.com/en/news/pressreleases/six-month-results-2021) (accessed on 16 September 2021)



# ENTITLEMENT OFFER KEY DETAILS

Structure and size	Fully underwritten 1 for 9 accelerated pro rata renounceable Entitlement Offer with retail entitlements trading to raise gross proceeds of approximately \$3.97 billion
Ranking	New Securities will rank equally with all other ordinary securities on issue
Offer price	Offer price of \$13.00 per New Security <ul style="list-style-type: none"><li>• 8.3% discount to Transurban's closing price of \$14.18 on 17 September 2021</li><li>• 7.5% discount to TERP<sup>1</sup> of \$14.06</li></ul>
Institutional Entitlement Offer	Institutional Entitlement Offer is: <ul style="list-style-type: none"><li>• Open from 20 September 2021 to 21 September 2021; and</li><li>• Any entitlements not taken up and the entitlements of ineligible institutional security holders will be placed into the institutional shortfall bookbuild to be conducted from 21 September 2021 to 22 September 2021</li></ul>
Retail Entitlement Offer	Eligible retail security holders in Australia and New Zealand have a number of options under the retail Entitlement Offer <sup>2</sup> <ul style="list-style-type: none"><li>• Elect to take up all or part of their pro rata entitlement by either:<ul style="list-style-type: none"><li>– The early retail close date of 29 September 2021; or</li><li>– the retail offer close of 8 October 2021</li></ul></li><li>• Sell or transfer all or some of their entitlements. Entitlements may be traded on the ASX from 23 September 2021 (on a deferred settlement basis) and 29 September 2021 (on a normal settlement basis) to 1 October 2021</li><li>• Do nothing and let their entitlements be offered for sale through the retail shortfall bookbuild process managed by the underwriters with any proceeds in excess of the offer price (net of any withholding tax and expenses) paid to the security holder</li></ul>

1. TERP is a theoretical price at which Transurban securities trade immediately after the ex date for the Entitlement Offer assuming 100% take up of the Entitlement Offer and having regard for to the Entitlement Offer ratio and securities issued under the Placement. TERP is a theoretical calculation only and the actual price at which Transurban securities trade immediately after the ex date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Transurban's closing price of \$14.18 on 17 September 2021.

2. Retail security holders should read the Retail Information Booklet which contains full information on the retail Entitlement Offer and application process. The Retail Information Booklet can be found at [Transurban.com/offer](https://www.transurban.com/offer) from 27 September 2021.

# PLACEMENT KEY DETAILS

Structure and size	19.1 million securities placed to AustralianSuper
Ranking	Securities issued under the placement will rank equally with all other ordinary securities on issue
Issue price	Issue price of \$13.07 per security, a 0.5% premium to the Entitlement Offer price

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# PRO FORMA FINANCIALS



# BASIS OF PREPARATION PRO FORMA FINANCIAL INFORMATION

## Source of information

The pro forma financial information on slides 55 to 58 is derived from:

- Financial information extracted from Transurban's FY21 audited statutory financial statements; and
- Financial information extracted from STP's FY21 audited combined financial statements, which include WestConnex.

## Basis of preparation

The pro forma statutory results on slide 55 and the pro forma proportional EBITDA results on slide 56 have been prepared as if the transaction had occurred on 1 July 2020.

## Pro forma statutory results

The pro forma statutory results reflect the statutory results of Transurban for FY21, aggregated with Transurban's additional 24.5% ownership of WestConnex for the following:

- WestConnex net losses for FY21 through Transurban's share of loss from equity accounted investment, adjusted for incremental eliminations associated with management services fees charged to WestConnex; and
- Interest income associated with additional shareholder loan notes (SLNs) issued to STP as a result of the transaction, assuming the SLNs were issued on 1 July 2020. Interest income on the additional SLNs is calculated based on the average FY21 interest rate for the existing SLNs and is assumed to be capitalised into the loan balance. Income tax on interest income for the additional SLNs is assumed at a rate of 30%. There were no adjustments made for any potential fair value adjustment of the interest rate on initial recognition.

Pro forma share of loss from equity accounted investments does not include potential fair value adjustments relating to amortisation or net finance costs that may be recorded notionally at the equity accounted investment level. An accounting policy choice will be made at the time of Acquisition Financial Close. Pro forma net finance costs ignores the impact of interest revenue forgone on available cash used to fund the transaction.

## Pro forma proportional results

The pro forma proportional EBITDA results reflect Transurban's proportional EBITDA results for FY21, aggregated with an additional 24.5% proportional contribution from WestConnex, adjusted for incremental eliminations associated with management services fees charged to WestConnex.

The pro forma statutory results and the pro forma proportional EBITDA results do not include the impacts of any additional cost or other operating synergies that may result from the transaction as they are deemed not material or not yet factually supportable for the purposes of inclusion in the pro forma historical financial information.

# BASIS OF PREPARATION PRO FORMA FINANCIAL INFORMATION

## Pro forma balance sheet

The pro forma balance sheet on slide 58 has been prepared as if the transaction had occurred on 30 June 2021. Transurban's contribution to STP to fund the purchase price for the transaction consists of equity contributions and SLNs advanced to STP. The allocation of Transurban's contribution to STP has been estimated within the pro forma balance sheet and will be finalised at Acquisition Financial Close.

The pro forma balance sheet aggregates Transurban's audited balance sheet as at 30 June 2021 with:

- Transurban's portion of equity contribution to STP recognised as an equity accounted investment;
- Transurban's portion of SLNs advanced to STP to fund the purchase price for the transaction; and
- Estimated proceeds of the Entitlement Offer and Placement net of associated costs. The pro forma balance sheet does not include any tax effect of the associated costs.

## Pro forma free cash

The pro forma free cash flow information on slide 57 reflects Transurban's free cash results for FY21, aggregated with STP's distributions and Capital Releases for FY21, assuming an additional 24.5% ownership of WestConnex. The pro forma free cash per security information on slide 57 has been prepared as if the Entitlement Offer and Placement had occurred on 1 July 2020. The pro forma weighted average securities on issue during FY21 is calculated by assuming both the number of securities on issue at 30 June 2021 and the number of securities to be issued under the Entitlement Offer and Placement were on issue at 1 July 2020. Pro forma free cash ignores the impact of interest receipts foregone on available cash used to fund the transaction.

## Free cash flow

Transurban's free cash is calculated as:

- Cash flow from operating activities
- Add back transaction and integration costs related to acquisitions and disposals
- Add back payments for maintenance of intangible assets
- Add back Capital Releases from 100% owned entities
- Less debt amortisation relating to 100% owned entities
- Less cash flow from operating activities from consolidated non 100% owned entities
- Less allowance for maintenance of intangible assets for 100% owned assets
- Add distributions and interest received from non 100% owned entities

## Proportional basis of presenting results

Certain pro forma financial information in this Presentation has been prepared on a proportional underlying basis. Transurban's CEO and the Executive Committee receive information for assessing the business on an underlying proportional basis reflecting the contribution of individual operating concession assets in the proportion of Transurban's equity ownership. This method of presentation differs from the statutory accounting format and is consistent with Transurban's previous method of disclosure of proportional results.

# BASIS OF PREPARATION PRO FORMA FINANCIAL INFORMATION

## **Assumptions for distribution guidance**

The statement on slides 8 and 33 include information relating to Transurban's distribution guidance for 1H22.

In determining distribution guidance certain assumptions have been made about future performance and expenditure. There is no guarantee that these assumptions will materialise and the following information on the assumptions should be read together with the "Key risks".

## **Distributions from non-controlled entities**

Distributions from non-controlled entities are assumed to continue in line with existing practice and policies of those entities.

## **Business plans**

Certain information in this presentation illustrates Transurban management's estimate and assessment of a specific matter having regard to the Business Plans. Those assessments are subject to a range of assumptions and contingencies that, given the length of time reflected in those business plans, may not be factually supportable for the purpose of providing guidance or a projection. There can be no assurance that these estimates and assessment will be accurate and the actual outcome may differ materially because events and actual circumstances frequently do not occur as projected or assumed in those business plans. Further, changes to the WestConnex Business Plan are not within Transurban's sole control (or any single party with an ownership interest in WestConnex) given respective ownership interests and associated governance arrangements (see slide 47). Refer to slide 23 for an explanation of the WestConnex project components through to FY28. Also see the Key risks for further information.

## **Traffic volumes and toll revenue assumptions**

These are based on internal budgets and forecasts which reflect current volumes and revenues for existing concessions, observed and expected traffic growth and the terms of individual concession deeds, including price escalation terms and the assumption that there are no significant unplanned adverse events impacting road availability except for the sensitivity of traffic volumes and toll revenue to the impact of government mandated COVID-19 movement restrictions, for which the impact to traffic volumes and toll revenues has continued to be observed in FY22 .

## **Other assumptions**

For FY22, equity raising costs relating to the Entitlement Offer will be excluded from free cash flow.

# STATUTORY RESULTS—PRO FORMA

	FY21 (\$M)		
	TRANSURBAN	WESTCONNEX ACQUISITION	PRO FORMA
<b>Continuing operations</b>			
Toll revenue	2,266	-	2,266
Construction revenue	480	-	480
Other revenue	140	-	140
<b>Total revenue</b>	<b>2,886</b>	<b>-</b>	<b>2,886</b>
Employee benefits expense	(280)	-	(280)
Road operating costs	(328)	-	(328)
Construction costs	(480)	-	(480)
Transaction and integration costs	(5)	-	(5)
Corporate and other expenses	(102)	-	(102)
<b>Total costs</b>	<b>(1,195)</b>	<b>-</b>	<b>(1,195)</b>
<b>EBITDA</b>	<b>1,691</b>	<b>-</b>	<b>1,691</b>
Depreciation and amortisation	(1,140)	-	(1,140)
Net finance costs	(870)	15	(855)
Share of loss of equity accounted investments, inclusive of impairments	(161)	(165)	(326)
<b>Loss for the year before income tax</b>	<b>(480)</b>	<b>(150)</b>	<b>(630)</b>
Tax benefit/(expense)	193	(5)	188
<b>Loss for the year from continuing operations</b>	<b>(287)</b>	<b>(155)</b>	<b>(442)</b>
Profit/(Loss) for the year from discontinued operations	3,559	-	3,559
<b>Profit for the year from continuing and discontinued operations</b>	<b>3,272</b>	<b>(155)</b>	<b>3,117</b>

# PROPORTIONAL EBITDA RESULTS—PRO FORMA

	FY21 (\$M)		
	TRANSURBAN	WESTCONNEX ACQUISITION	PRO FORMA
Toll revenue	2,486	130	2,616
Other revenue	127	(7)	120
<b>Total revenue</b>	<b>2,613</b>	<b>123</b>	<b>2,736</b>
Direct costs	(777)	(30)	(807)
<b>Underlying proportional EBITDA</b>	<b>1,836</b>	<b>93</b>	<b>1,929</b>
Significant items	(24)	-	(24)
<b>Proportional EBITDA</b>	<b>1,812</b>	<b>93</b>	<b>1,905</b>



# FREE CASH FLOW—PRO FORMA

	FY21			
	TRANSURBAN	WESTCONNEX ACQUISITION	EQUITY FUNDING	PRO FORMA
Free cash (\$M) - including capital release	1,278	329	-	1,607
Free cash (\$M) - excluding capital release	1,000	62	-	1,062
Free cash per security (cents) - weighted average securities on issue during period	46.7	12.0	(6.2)	52.5

# CONSOLIDATED BALANCE SHEET—PRO FORMA



	As at 30 June 2021 (\$M)			
	TRANSURBAN	WESTCONNEX ACQUISITION	EQUITY FUNDING	PRO FORMA
<b>ASSETS</b>				
Cash and cash equivalents	4,285	(5,556)	4,150	2,879
Intangible assets	21,643	-	-	21,643
Property, plant and equipment	567	-	-	567
Equity accounted investments	5,751	4,857	-	10,608
Other current assets	572	-	-	572
Other non-current assets	2,853	699	-	3,552
<b>Total assets</b>	<b>35,671</b>	<b>-</b>	<b>4,150</b>	<b>39,821</b>
<b>LIABILITIES</b>				
Short-term borrowings	750	-	-	750
Long-term borrowings	17,081	-	-	17,081
Other current liabilities	2,314	-	-	2,314
Other non-current liabilities	4,374	-	-	4,374
<b>Total liabilities</b>	<b>24,519</b>	<b>-</b>	<b>-</b>	<b>24,519</b>
<b>Net assets</b>	<b>11,152</b>	<b>-</b>	<b>4,150</b>	<b>15,302</b>
<b>Total security holders' funds</b>	<b>11,152</b>	<b>-</b>	<b>4,150</b>	<b>15,302</b>

## 1. EV/EBITDA multiples

**WestConnex EV/EBITDA multiples** are based on the enterprise value and the present value of the projected FY28 EBITDA (being the first full year of operation of the M5 West concession). The enterprise value includes net debt and excludes transaction costs and stamp duty and includes the present value of additional capital invested (net of return on capital) up until the end of the first full year of operation of the M5 West concession (being FY28)

- The enterprise value for the *WestConnex 100% (Aug-18 / Sep-21)* multiple reflects the present value at Acquisition Financial Close of the 51% based on the initial acquisition in August 2018 and 49% based on the Acquisition in September 2021
- The enterprise value and projected FY28 EBITDA are based on Transurban management's estimates and assessment, having regard to the WestConnex Business Plan, and are subject to a range of assumptions and contingencies. There can be no assurance that these estimates and assessments will be accurate and the actual outcome may differ materially because events and actual circumstances frequently do not occur as projected or assumed in long term business plans. See the Basis of Preparation on slide 54 for information on the preparation of the WestConnex Business Plan

**Other EV/EBITDA multiples** are sourced from Transurban statutory accounts and previous Transurban ASX releases in respect of the relevant acquisition

- Enterprise value includes net debt and excludes transaction costs and stamp duty where disclosed
- The transaction multiples set out are calculated based on the enterprise value of the relevant asset at the time of its acquisition and historical EBITDA as at the same date. The multiple may not be reflective of the current multiple for the relevant asset
- In relation to the selected transactions (a) the transaction multiples may incorporate various levels of a control premium and special values paid for by the acquirer based on the specific circumstances of the acquisition at the time and (b) the transactions occurred between May 2010 and June 2018 when economic conditions, including interest rates and economic outlook, may have been materially different from those currently experienced in relation to the WestConnex acquisition and may be materially different in FY28. These and other factors may influence the amounts paid for the businesses

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# KEY RISKS



## KEY RISKS

Investors should be aware that there are risks associated with an investment in Transurban. Some of the key risks that may, either individually or in combination, affect the future operating and financial performance of Transurban and the value of Transurban securities (before and after the completion of the Acquisition) are detailed in this section. Some are specific to an investment in Transurban and others are of a more general nature.

The summary of key risks below is not exhaustive and does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that Transurban is unaware of, or that it considers to be immaterial, may also become important factors that adversely affect Transurban's operating and financial performance. Therefore, before participating in the Offer or investing in Transurban, it is important that you read and understand this Presentation and consider these risks and uncertainties clearly.

You should also have regard to your own investment objectives and should seek advice from a professional adviser, who is licensed to give that advice, before deciding whether or not to participate in the Offer or invest in Transurban.

### 1.1 COVID-19 PANDEMIC

Transurban's business and operations, and those of its suppliers and contractors, as well as its customers, have been and will continue to be adversely affected by the COVID-19 pandemic.

The outbreak of COVID-19 in Australia and North America where Transurban has business and operations has resulted in relevant federal, state and local governments implementing a number of measures and recommendations, including significant restrictions on movement and activity to slow or stop its spread. These have included restrictions on travel and transportation and prolonged closures of workplaces, businesses and schools, which have had a material adverse effect on Transurban's traffic volumes and toll revenues from March 2020. The COVID-19 pandemic has also likely resulted in voluntary behavioural changes among some of Transurban's customers who may limit movements (for example, shifting to a working from home lifestyle, increasing online relative to in-store shopping and reducing long-distance travel and other leisure activities) to reduce the possibility of exposure. There is no assurance that systemic behavioural change will not have a permanent effect in the future. Transurban expects that traffic volumes will remain sensitive to future government responses to the COVID-19 pandemic and the overall economic conditions in Australia and North America. There is no assurance that Transurban will not incur further net losses in current or future periods.

As at the date of this Presentation, governments in a number of the locations in which Transurban's assets are located continue to impose restrictions on local and/or interstate and international travel and/or encourage citizens to remain at home where possible. As a result, Transurban expects that its traffic volumes will continue to be adversely affected. The course of the pandemic is unpredictable, and while Transurban expects restrictions to ease as the spread of the virus is contained and the vaccine rollout progresses, there may be further outbreaks that lead to the re-imposition of restrictions in any of the places Transurban operates its assets. In addition, Transurban cannot assure investors that the pandemic will not result in longer term changes to traffic patterns and volumes that are unfavourable to its business compared to pre-pandemic conditions. Transurban cannot predict how long general travel and transportation restrictions or advisories may be in place or whether traffic volumes will return to pre-pandemic levels even after such restrictions or advisories are lifted. See Key risk 1.3 "Traffic volumes" for more information.

In addition, many of Transurban's employees have been required to work from home, which has necessitated a reassessment of some work flows and procedures. Addressing the disruptions caused by COVID-19 has also required Transurban's senior management team and staff to devote time and resources to address the impact of the pandemic on its business, which may negatively affect their ability to implement their business plans and respond to other issues and opportunities.

Government measures or actions could also negatively impact Transurban's contractors' ability to perform their contracts with it, including Transurban's construction contractors, which could have a material adverse effect on Transurban's business, financial condition and results of operation. Additionally, if any of Transurban's employees or its contractors' employees are identified as a possible source of spreading COVID-19, or any other highly contagious virus or disease particularly during an epidemic or pandemic, Transurban may be required to quarantine employees that are suspected of being infected, or its contractors may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees, which could have an adverse effect on Transurban's business operations.

The extent to which COVID-19 will impact Transurban's business and its financial results will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the virus; the severity of the disease; the duration of the pandemic; the actions that may be taken by Australian and North American federal and state or local governmental authorities and governmental authorities in other jurisdictions outside Australia and North America in response to the pandemic, including such governmental authorities or negative public sentiment requiring Transurban to reduce or remove tolls from its toll roads, particularly in the event of a global depression or recession, and other actions to impose new, or relax existing, travel restrictions; the impact on contracts and agreements to which Transurban is a party; the impact on ADT and Transurban's toll revenues, its customers and the regions in which it operates; and the impact on the global economy generally.

Uncertainty about the effects of the COVID-19 pandemic has also resulted in significant disruption to credit and capital markets, which, if it continues, may affect Transurban's ability to raise new financing and refinance its existing and future indebtedness. See Key risk 1.12 "Access to debt markets and breach of financing arrangements". In addition, the outbreak of other communicable diseases and adverse public health developments could also adversely affect Transurban's ability to service its existing and future indebtedness, particularly if such outbreaks and developments are inadequately controlled, are prolonged, or if located in regions where Transurban derives a significant amount of its revenue.

The COVID-19 pandemic may also have the effect of heightening many of the other risks described in this "Key risks" section.

## 1.2 TRANSURBAN'S CONCESSION AGREEMENTS HAVE FINITE LIVES

Transurban's business is dependent on concession agreements that have been granted to members of the Transurban group, or entities in which Transurban has an interest, to operate various toll roads in Australia and North America ("concession agreements"). Earnings from the concession agreements account for virtually all of Transurban's earnings. When the concession agreements expire, the toll roads and related infrastructure must be returned to the relevant government counterparty. If Transurban cannot enter into new concession agreements or extend its existing concession agreements to permit it to carry on its core business, or any new concession agreements entered into are on less favourable terms compared to its current concession agreements, Transurban's business, financial condition, results of operations and cash flows could be materially adversely affected.

## 1.3 TRAFFIC VOLUMES

The volume of traffic using a toll road is critical to the generation of revenues and earnings. Any developments that reduce traffic volumes or inhibit the growth in traffic volumes below Transurban's traffic forecasts or growth expectations, or that reduce or result in slower growth of the volume of commercial vehicles leading to an adverse change in mix of traffic, could have a material impact on Transurban's financial performance. In addition to the impact of COVID-19 as discussed in Key risk 1.1, "COVID-19 pandemic", factors that affect traffic volumes on Transurban's toll roads, and consequently Transurban's earnings, include:

- a) the level of congestion, level of carpooling, tolls charged to users and any toll increases on the toll roads;
- b) the quality and state of repair of the toll roads, including any upgrades and any disruption as a result thereof;
- c) the quality, state of repair, proximity and convenience of alternative public (toll-free) roads as well as the existence of other public transport infrastructure;
- d) the nature, extent and timing of the connections of Transurban's toll roads to other urban roads and regional highway networks;
- e) disruptions, changes to, or events (including events that affect public safety) that occur on Transurban's toll roads or on roads that connect to or feed Transurban's toll roads;
- f) economic and fiscal conditions including fuel prices, taxation on road use and motor vehicle use, other costs associated with owning and operating a vehicle, inflation, interest rates and levels of employment in areas served by Transurban's toll roads;

- g) changing travel patterns and habits of private and commercial users of Transurban's toll roads;
- h) demographic and social conditions including population growth, migration, land development programs, social instability, changes in residential and commercial land use and general development in areas served by Transurban's toll roads;
- i) community and customer perception and sentiment regarding Transurban's toll roads;
- j) transport, environmental and corporate regulation and policy, including the impact of carbon reduction programs, impact of autonomous vehicles, congestion taxes on urban travel, other measures to restrict motor vehicle use and government transport and urban management policies and strategies;
- k) weather conditions, bush or forest fires, flooding, natural phenomena, pandemics (including the COVID-19 pandemic), natural disasters and acts of terrorism; and
- l) reduced traffic volumes or an inability to grow traffic volumes including as a result of Transurban carrying out brownfield upgrade/development work on its toll roads.

Many of these factors, including the number and classes of vehicles using Transurban's toll roads are, to a large extent, outside of its control.

If Transurban's toll roads are unable to maintain or grow an adequate level of vehicle traffic, or if traffic volumes decrease or experience unexpected lower rates of growth than in previous periods, Transurban's business, financial condition, results of operations and cash flows may be materially adversely affected. There is no assurance that systemic behavioural change will not have a permanent effect in the future.

#### 1.4 IMPACT OF FORECASTS AND MODELLING ON TRANSURBAN'S BUSINESS AND GROWTH PROJECTS

Transurban relies on internal traffic and other forecasts and modelling capability to assess the viability of acquisitions, the development of new projects, the improvement and expansion of existing toll roads, the timeframe in which to undertake these activities and the carrying value of its assets. Traffic modelling depends on other inherently variable data inputs such as population, employment, trip rates and travel costs. Population forecasting for instance relies on assumptions which are in turn tied to other macro factors such as government policies, housing, employment, demographics, economic growth and some of the other factors outlined in Key risk 1.3 "Traffic volumes".

If Transurban's forecasting methodology and modelling, including the underlying assumptions or information from third-party sources used to derive the information, are inaccurate or do not reflect current or future market conditions, particularly in light of the difficulties posed to forecasting methodology and modelling as a result of the COVID-19 pandemic as outlined in Key risk 1.1 "COVID-19 pandemic", Transurban's existing assets, acquisitions and projects (including the Acquisition and WestConnex, the A25 and the West Gate Tunnel projects) may not deliver forecasted returns or earnings, and Transurban may fail to optimise the value of acquired assets and may overvalue acquisition targets which may result in the write down the carrying value of assets, each of which could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

#### 1.5 REVENUE COLLECTION

Transurban collects and processes toll revenue using a variety of tolling systems and other information technology systems, and depends on the reliable and efficient operation and maintenance of those systems. The failure of an existing tolling system could result in a loss of revenue and has the potential to increase costs that may materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

The costs associated with the development of any new tolling system, if pursued, may be greater than anticipated. In addition, if implemented, any new tolling system may not function effectively or deliver the anticipated benefits. Any circumstances that impair the operation or maintenance of the tolling system may result in an inability to collect tolls from users of Transurban's toll roads, which could result in a loss of toll revenue and has the potential to increase costs. If Transurban is unable to successfully implement or deliver these projects or systems in a timely manner, this could have a material adverse effect on its business, cash flow, financial condition and results of operations.

Transurban relies in part on the assistance of governmental authorities to take enforcement action against motorists who default on their obligation to pay Transurban's road tolls. Transurban also relies in part on the assistance of governmental authorities to monitor and prevent unauthorised use of the 95 Express Lanes and 495 Express Lanes in the Greater Washington Area.

If these enforcement actions are not taken or are unsuccessful, or if the legislative framework governing the enforcement proceedings is deficient or changes adversely, Transurban may be unable to recover the relevant tolls from road users which may adversely affect Transurban's cash flow, financial condition and results of operations. However, if enforcement action is pursued too vigorously, Transurban's reputation may be adversely affected.

Agreements between Transurban and other toll road operators require that each operator pays Transurban for that operator's customers who travel on Transurban's toll roads. Transurban bears the credit risk if those other operators default on such payments.

Transurban also collects revenue from its tag customers for travelling on other toll roads. Transurban bears the credit risk relating to recovering these toll payments from those customers. If there is an increase in the number of these Transurban customers who are unable to pay the required toll payments, particularly during an economic depression or recession, this may adversely affect its business and toll revenues.

## 1.6 RESTRICTIONS ON TOLL PRICE

Transurban's Australian and Canadian concession agreements contain mechanisms that regulate the tolls that can be charged for using the relevant toll road. The mechanism used generally provides for increases in tolls on a quarterly or annual basis by reference to inflation, measured by the quarterly consumer price index, or annual consumer price index of a specified geographic area. Under certain concession agreements, Transurban does not have the right to increase tolls beyond the relevant rate of inflation. Where there is deflation, certain of the concession agreements may require Transurban to reduce the tolls that can be charged to users of the relevant toll road. Additionally, for some concession agreements with inflation linked tolls, tolls cannot be lowered as a result of deflation; however, an increase cannot occur until inflation offsets the previous deflation.

The price adjustment mechanisms in the concession agreements do not take account of changes in Transurban's operating, financing and other costs. Therefore, those operating, financing and other costs could increase at a greater rate than revenue from tolls and other fees charged to users of the toll roads, which could negatively impact on Transurban's results of operations.

The tolls relating to the 495 Express Lanes and 95 Express Lanes (the concession for which includes the 395 Express Lanes) are not directly linked to inflation. These roads have variable tolls where the toll prices change dynamically to manage traffic demand and maintain a minimum speed flow, which is achieved by raising tolls when traffic is heavy and reducing tolls when traffic is light. If Transurban fails to apply appropriate toll prices to effectively maintain traffic flow, usage on the 495 Express Lanes and the 95 Express Lanes may not be optimised, and Transurban's revenues may be adversely affected as a result. In addition, any consistent failure to apply toll prices so that minimum speeds are maintained as referenced in Transurban's concession agreements and under United States federal law may result in increased regulatory oversight of the operation of Transurban's toll roads, which may impact its ability to autonomously set its toll prices.

## 1.7 LOSS OF A TOLL ROAD CONCESSION

If Transurban breaches a material obligation under a concession agreement and fails to remedy the breach, this could lead to the early termination of the relevant concession agreement. For example, a failure to comply with agreements with government counterparties that govern upgrade projects, or new toll road projects, could result in the termination of the underlying concession agreement or the government taking action to remove the benefit of funding sources for the relevant project.

In relation to WestConnex, any of the three WestConnex concession agreements may be terminated by Transport for NSW for breach by the relevant WestConnex concessionaire, and in other circumstances, including a failure by the WestConnex concessionaire to comply with certain specified obligations under the Road Operators Co-ordination Agreement, the insolvency of a WestConnex concessionaire or the insolvency of either the design and construct contractor or the operations and/or maintenance contractor working on the WestConnex project unless the contractor is replaced by a party acceptable to Transport for NSW.

The West Gate Tunnel concession agreement contains similar provisions, which provide that the West Gate Tunnel concession agreement may be terminated by the State of Victoria for breach by the West Gate Tunnel concessionaire, and in other circumstances, including the insolvency of the West Gate Tunnel concessionaire or the insolvency of either the design and construct contractor or the operations and/or maintenance contractor working on the West Gate Tunnel project, unless that contractor is replaced by a party acceptable to the State of Victoria.

Each of the WestConnex concession agreements may also be terminated by Transport for NSW and the West Gate Tunnel concession agreement may be terminated by the State of Victoria in no-fault circumstances, including where a court has made a determination that cannot be overcome that prevents the relevant project from proceeding, where a native title claim is made that prevents the relevant project from proceeding, or where a subsisting uninsurable force majeure event occurs on the relevant project.



Governments could enact legislation which compels Transurban to take a particular action, imposes new obligations on Transurban or amends Transurban's rights and obligations under its concession agreements, deems that a default termination event has occurred which could lead to the imposition of penalties and fines and could result in the loss of a toll road concession, or that terminates a concession agreement resulting in the loss of a toll road concession. See also Key risk 1.11 "Changes in law and regulation".

If one or more of Transurban's concession agreements were to be terminated early, the relevant toll road and associated infrastructure would revert to the relevant government body, which could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.8 SOCIAL LICENCE TO OPERATE

Transurban relies on a level of broad public acceptance of its activities, which it refers to as its social licence to operate. Transurban's business, projects and toll roads generally, may generate negative public sentiment with certain stakeholder groups due to the perception that its toll roads are expensive, that there are too many toll roads or negative sentiment towards private ownership of roads. In addition, construction and improvement of new and existing toll roads often results in disruptions to local business, communities and road users over extended periods of time, which may lead to negative public sentiment and publicity for Transurban's toll roads. Negative public sentiment, any resulting community action and related publicity may result in federal and state governments declining to pursue projects involving private toll road operators or implementing political measures that adversely impact Transurban's ability to own and operate toll roads in the future or that adversely impact the profitability of its current toll roads. Any government measures restricting Transurban's ability to own or operate toll roads, including in circumstances where the government may impose measures to reduce or remove tolls or postpone scheduled toll price increases due to social pressure during an economic depression or recession following the COVID-19 pandemic or otherwise, or negative community sentiment and publicity could impact its social licence to operate and adversely impact its reputation, financial condition and results of operations.

## 1.9 WEST GATE TUNNEL PROJECT DISPUTES

Transurban is currently involved in disputes relating to the construction of the West Gate Tunnel project. Major construction on the West Gate Tunnel project commenced in early 2018. In the period from January to August 2020, the design & construct subcontractor purported to terminate the D&C subcontract with Transurban WGT Co Pty Ltd (**D&C Subcontract**) four times and also noted their intention to continue works on site. The purported terminations relate to issues in respect of the presence, classification and disposal of per and polyfluorinated alkyl substances (**PFAS**). Works have continued on-site but tunnelling has not commenced as a result of the disputes arising between the project parties relating to changes in the requirements for disposal of soil contaminated with PFAS. Transurban does not consider the D&C Subcontract to have been validly terminated and believes the contract remains valid. In addition, there are a range of other disputed matters, including those related to relocation of utilities and impacts associated with COVID-19 restrictions. Transurban believes that project completion in 2023 is no longer considered achievable and due to the continued uncertainty in relation to the resolution of commercial matters and timing for commencement of tunnelling, a further update on the expected project completion date cannot be provided at this stage.

Following a non-binding independent expert process, the West Gate Tunnel project parties have committed to a mediation process, which remains ongoing. Negotiations between the project parties have become increasingly challenging and may not result in a commercial agreement. The contracted total cost of the project was \$6.7 billion (including Transurban's \$4 billion contracted contribution). Estimates of additional costs to complete the project differ among project parties and remain uncertain. Based on preliminary independent analysis and subject to a number of assumptions including risk profile, commencement of tunnelling in early 2022 and completion timing, Transurban estimates the design & construct subcontractor construction costs could increase in the order of \$3.3 billion. The design & construct subcontractor's claims are higher. In order to reach a commercial settlement, Transurban believes all project parties would be required to make a meaningful financial contribution. The value, form, structure and timing of any contribution made by Transurban will depend upon a number of factors including agreement on remaining project costs, costs incurred directly by Transurban, agreement on risk-sharing and commitment by the parties to the timely and efficient completion of the project amongst others. There is no certainty that the matters and assumptions currently under consideration by Transurban eventuate and if matters are not resolved commercially, legal pathways may be pursued by the project parties under the existing contracts, with continuing obligations on the parties to deliver the project.

The outcome, timing and direction of these disputes are uncertain and could cause Transurban to incur significant costs, delays and other disruptions to its business and operations. If the disputes are not resolved, they could materially adversely affect Transurban's business, reputation, cash flow, financial condition and results of operations. See also other risk factors, including Key risk 1.7 "Loss of a toll road concession"; Key risk 1.10 "Relationship with government"; Key risk 1.11 "Changes in law and regulation"; Key risk 1.13 "Risks in relation to current and future projects"; and Key risk 1.15 "Reliance on key contractors/counterparty risks" for further potential impacts related to the West Gate Tunnel project disputes.

## 1.10 RELATIONSHIP WITH GOVERNMENT

Transurban's relationships with government entities are key to ensuring the continuity of its existing concession agreements and future opportunities for new projects and improvements or growth of its toll roads.

Governments could seek to terminate Transurban concession agreements pursuant to the terms of the concession agreements. Governments could also introduce legislation which compels Transurban to take a particular action, imposes new obligations on Transurban or amends Transurban's rights and obligations under its concession agreements, deems that a default termination event has occurred which could lead to the imposition of penalties and fines and could result in the loss of a toll road concession, or that terminates a concession agreement resulting in the loss of a toll road concession. See other risk factors also, including Key risk 1.7 "Loss of a toll road concession" and Key risk 1.11 "Changes in law or regulation".

In addition, if Transurban is prevented from exercising its material rights (such as operating and tolling the relevant toll road) under a concession agreement as a result of government action, Transurban may be able to terminate the concession agreement early. In either of such circumstances, Transurban may be entitled to receive compensation from the relevant government entity but the compensation may not be adequate to compensate Transurban for the loss of its rights under the concession agreement, or the loss of a toll road concession which could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

Transurban also works closely with governmental entities to plan and develop new projects and to improve and expand its existing toll roads. If Transurban is unable to work with governmental entities on such projects, Transurban may be unable to enter into new concession agreements on commercially acceptable terms and Transurban may not be able to maximise the long-term funding of its existing toll roads.

Transurban's dealings with government are subject to stringent regulations, breaches of which may result in substantial fines and other penalties. Transurban's reputation may also suffer and breaches may result in limitations on its future ability to interact with governments or participate in government tender processes.

## 1.11 CHANGES IN LAW OR REGULATION

Governments may impose new or increased charges on road transportation (for example, congestion charges or time of day pricing), motorists or motor vehicles (for example, licence and registration charges) or fuel (for example, fuel taxes and carbon taxes) or other legislative or regulatory change that could affect Transurban's concession agreements or Transurban's business. This could include the introduction of legislation which compels Transurban to take a particular action, imposes new obligations on Transurban or amends Transurban's rights and obligations under its concession agreements, deems that a default termination event has occurred which could lead to the imposition of penalties and fines and could result in the loss of a toll road concession, or that terminates a concession agreement resulting in the loss of a toll road concession.

Transurban's concession agreements generally contain mechanisms under which Transurban may be able to claim compensation for the impact of a change in law or regulation, but the compensation mechanism may not be applicable to every possible change in law or regulation, or the compensation payable may not adequately compensate Transurban for the loss of a concession or the adverse effect on traffic, cash flow, financial condition and results of operations. Consequently, such changes could result in the loss of a toll road concession and have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## 1.12 ACCESS TO DEBT MARKETS AND BREACH OF FINANCING ARRANGEMENTS

Transurban has existing debt financing arrangements and credit facilities from bank, debt capital markets and government sources. Transurban will need to continue accessing debt markets in the future to refinance maturing debt and to access debt for corporate purposes or in connection with the financing of new acquisition or development projects. The use of leverage may enhance returns, but it may also substantially increase the risk of loss.

Transurban is exposed to risks associated with debt financing, including that it will be unable to arrange financing for growth projects or refinance its existing indebtedness as and when required, on the terms expected or at all. As at June 30, 2021, Transurban had drawn proportional debt of A\$ 20,763 million (drawn statutory debt of A\$17,831 million). Transurban may be unable to refinance its indebtedness on commercially favourable terms or at all. Transurban's ability to refinance its maturing indebtedness may be materially adversely affected if global credit markets tighten and there is a resultant shortage of available credit. Any limitations on Transurban's access to external capital, including limitations caused by volatility in the capital markets, may impair its ability to refinance its expiring debt facilities on commercially favourable terms or at all. If Transurban is unable to obtain additional financing to meet its maturing debt obligations, it could be forced to reduce or delay capital expenditures or forgo strategic business opportunities, sell assets, raise additional equity, restructure or refinance existing debt on terms that are disadvantageous to Transurban or take other protective measures.

Transurban is rated by external credit rating agencies. Its access to, and cost of, financing is also affected by its credit ratings, in particular its senior secured debt credit ratings. Any downgrade or adverse change in outlook (including in relation to global credit markets) could affect Transurban's ability to refinance its existing indebtedness or materially increase its cost of financing. No assurances can be given that the ratings assigned to Transurban will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant. Circumstances that may result in a downgrade of Transurban's credit ratings include if the relevant rating agency anticipates that persistently weak market conditions will strain Transurban's liquidity position, an extended period of disruption to or low traffic volumes across its toll roads, and an inability to maintain its available liquidity through cash flows from operations, asset sales or further debt issuances.

Financing arrangements typically require Transurban to comply with certain obligations and undertakings, including maintaining security arrangements for the benefit of lenders, and in some instances meeting certain financial covenants. If Transurban breaches a material obligation and fails to remedy within prescribed cure periods, this could lead to early termination of the financing arrangement and a requirement to repay the debt financing or the lender may have rights to step in and operate the applicable asset or appoint receivers.

Transurban undertakes transactions with financial counterparties including banking, cash investments and derivatives that create an exposure to the creditworthiness of those financial counterparties. If a financial counterparty defaults on such a transaction, Transurban may suffer material financial loss.

## 1.13 RISKS IN RELATION TO CURRENT AND FUTURE PROJECTS

Transurban may not be able to complete current and future development projects in the manner or within the timeframe and budget expected. Additionally, such current and future development projects may not deliver the return or earnings Transurban expects. Factors that could cause Transurban to be unable to complete these projects on time and on budget include:

- a) inaccuracies in the projected cost of completing a project, due to, for example, assumptions used in the forecasts and models in connection with the planning process proving to be incorrect;
- b) inadequate management by Transurban of contractors and subcontractors engaged by it to carry out the applicable project;
- c) liabilities arising as a result of Transurban agreeing to an inappropriate risk allocation with its counterparties;
- d) delays associated with a range of factors depending on the applicable project, including delays in obtaining government or lender approval, delays as a result of the impact of litigation or regulatory actions, the occurrence of a force majeure event, shortages of labour and materials, excessive road closures, inclement weather conditions, natural phenomena, natural disasters, vandalism and acts of terrorism and unforeseen technical, engineering or environmental problems;
- e) non-performance or inadequate performance of the duties of contractors and subcontractors engaged by Transurban; and
- f) unforeseen changes in financial, economic, political or social conditions.

Transurban's failure to successfully implement current and future development and construction projects in the manner or within the timeframe and budget expected could lead to the loss of a concession and/or materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.14 MAINTENANCE AND CAPITAL EXPENDITURE PROJECTS

Transurban is required under its concession agreements to undertake information technology, maintenance and capital expenditure projects from time to time on its toll roads. There can be no assurance that Transurban will be able to implement these projects in the manner or within the timeframe and budget expected. In addition, Transurban is also subject to the risk of unexpected significant maintenance or capital expenditure requirements, which may arise as a result of a variety of factors which may be outside Transurban's control, such as the identification of material defects or material latent defects in the road infrastructure.

Under the terms of its concession agreements and the documents related to those agreements, Transurban can also be required to perform upgrades on the toll roads and other road projects. The upgrades are generally governed by process deeds. Under those deeds, a failure to carry out an upgrade in accordance with the terms of the deed can result in the government counterparty having a right to terminate the relevant concession agreement.

Additionally, in negotiations with the relevant governmental entity to undertake improvement projects on an existing toll road, or to develop new toll roads, Transurban may agree to vary or waive certain benefits under an existing concession agreement, including waiving rights to receive compensation where infrastructure is built or a material adverse event occurs. While Transurban aims to carefully consider a range of factors in any such circumstances before varying or waiving rights under a concession agreement, any such variation or waiver may restrict Transurban's rights to receive compensation if the relevant event occurred.

Transurban's failure to successfully implement planned information technology, maintenance and capital expenditure projects in the manner or within the timeframe and budget expected, or the occurrence of any unexpected maintenance or capital expenditure requirements or events for which Transurban's right to compensation has been waived, could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.15 RELIANCE ON KEY CONTRACTORS/COUNTERPARTY RISKS

Transurban engages third party contractors and counterparties to carry out development and construction activities and to provide certain systems and services, including those relating to tolling, customer services, operations and maintenance services, road management and control systems. Transurban is therefore dependent upon the services of key contractors and counterparties.

If any of these contractors or counterparties are unable or unwilling to perform the obligations owed to Transurban or there is industrial action taken by the employees of those third party contractors and counterparties, Transurban could suffer material disruptions to its development and construction activities and other operations. Disruptions to Transurban's development and construction activities, disruptions to its operations or inadequately performed services could result in delays to projects, degradation in the quality and state of repair of Transurban's toll roads, dissatisfaction of toll road users, reduced traffic volumes, reduced toll road revenue, breaches of concession agreements and financing arrangements or losses of concession agreements.

In certain circumstances, the loss of a concession agreement before a toll road is completed could result in the loss of, or a change to, funding sources for the relevant toll road development that are provided by amendments to other existing toll road concession agreements. For example, the NorthConnex project was partially funded by increased truck tolls charged on the M7 motorway and the West Gate Tunnel project is partially funded by an extension to the CityLink Concession Agreement and toll escalation on CityLink.

Any of these factors could result in a material increase in Transurban's costs and/or an interruption to its development and construction activities, or its other operations, particularly in the event that Transurban needs to replace a service provider and incur legal liabilities in connection with any associated dispute. The occurrence of any of these risks, as well as the early termination of a concession agreement, could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.16 JOINT VENTURE RISK

Transurban holds interests in certain concessionaires with equity partners (Eastern Distributor (75.1%), Westlink M7 (50%), NorthConnex (50%), Transurban Chesapeake assets (the 495 Express Lanes and 95 Express Lanes) (50%), Logan Motorway (62.5%), Gateway Motorway (62.5%), Clem7 (62.5%), Go Between Bridge (62.5%), Legacy Way (62.5%), AirportlinkM7 (62.5%) and WestConnex (25.5%)). In those circumstances, the success of the concessionaire and the toll road it operates may be adversely impacted by the actions of Transurban's equity partners. Transurban has control, joint control or significant influence over the decision-making of these entities. For certain equity interests, certain decisions require approval of the majority or a higher percentage of all the directors or shareholders of the relevant entity. Therefore, irrespective of Transurban's proportional interest in the entity, for certain equity interests Transurban will not be able to unilaterally control all decision-making processes, including decisions in respect of distributions.

The equity partners in these projects (which may include State-owned entities) may have economic or business interests or objectives that are different to those of Transurban, may be unable or unwilling to fulfil their obligations under the relevant joint venture contracts or may experience financial or other difficulties.

In addition, Transurban's reputation and its relationships with governments and other stakeholders could be affected if its brand is associated with a partner that has engaged in misconduct or has been negligent, either in connection with a joint venture project or a different project. The occurrence of any of these risks could disrupt the operations of these entities and negatively impact Transurban's investment in, and the returns from, these entities.

## 1.17 ACQUISITIONS AND DEVELOPMENTS

Transurban has in the past expanded its portfolio through acquisitions or bids for new projects. In the future, Transurban may seek to acquire or develop additional toll roads, assets or businesses.

There can be no assurance that such acquisitions or developments will be available, successful or generate the anticipated project cash flows and returns, benefits, synergies and efficiencies that Transurban expects. Transurban may incur substantial costs, delays or other operational or financial difficulties in acquiring, integrating, developing and/or managing additional assets or businesses, and any such investments may divert management's attention from the operation of Transurban's existing businesses.

In particular, Transurban's ability to supplement its current portfolio of assets with new assets and to undertake additional developments on its existing assets is dependent on government policies with respect to ownership and operating models for transport and road infrastructure. Government policies with respect to transport and road infrastructure have changed in the past and are subject to future changes, which may include a potential reduction of the amount of investment made by the government in the transport and road infrastructure sector. Governments may also decide to change their methodology for awarding concession agreements or making investments in large scale transport infrastructure projects in ways that reduce the opportunity for involvement by private toll road owners and operators. For example, if governments cease to enter into Public Private Partnerships or move towards a different contracting methodology where owner/operators do not bear traffic and revenue risk, Transurban may not have the same opportunities to invest in new projects or develop existing assets, and may be unable to maintain or continue to grow its existing levels of business, which could have a material adverse effect on its business, cash flow, financial condition and results of operations.

Additionally, Transurban may encounter unanticipated events, circumstances or legal liabilities in connection with any investment, Transurban may have difficulty financing or refinancing any investment and Transurban may be unable to service any increased indebtedness as a result of such investment. The occurrence of any of the risks relating to any such investment could materially adversely affect Transurban's business, results of operations and financial condition.

## 1.18 COMPETING ROADS AND OTHER MODES OF TRANSPORT

Competing toll roads or toll-free roads may be built in the vicinity of Transurban's toll roads and may charge lower tolls or be toll-free. Additionally, there may be changes to the existing transport network feeding or surrounding Transurban's toll roads. Transurban is also subject to competition from competing modes of public transportation or mass transit such as buses and trains. An increase in the number or improvement in quality of alternative roads, public transportation or mass transit options, and their relative convenience, affordability and efficiency, could reduce traffic volumes on Transurban's toll roads and therefore reduce its earnings.

In general, the concession agreements do not prevent the relevant governmental authorities from building or awarding contracts to build roads or infrastructure for alternate modes of transportation that may impact usage of Transurban's toll roads, although Transurban may, in certain circumstances, be entitled to compensation from the relevant government counterparty. Any compensation awarded in such circumstances may not adequately compensate Transurban.

In negotiations with the relevant governmental entity to undertake improvement projects on existing toll roads, or to develop new toll roads, Transurban may agree to vary or waive certain benefits under an existing concession agreement, including waiving rights to receive compensation where competing infrastructure is built. Transurban's decisions to agree to such variations are based on a number of factors, including the package of rights and obligations proposed to be agreed with the relevant governmental entity as part of the improvement project in its entirety, the materiality of the right or benefit to be varied or waived and, for material adverse event rights, the likelihood of occurrence of the relevant events that could give rise to compensation. If a material adverse event occurs after the completion of an improvement project and Transurban has waived the right to compensation, this could have a material adverse effect on its business, cash flow, financial condition and results of operations.

In relation to the West Gate Tunnel project, a number of changes to the CityLink concession agreement were effected after relevant amendments were passed through the Victorian Parliament. Among other things, these changes reduced certain protections provided under the CityLink concession agreement, including by relaxing legacy restrictions to allow the State of Victoria to make certain enhancements to the existing transport network, which may result in a decrease in traffic on CityLink. The changes, in aggregate, restrict Transurban's right to object to, or be compensated for, the changes to the existing transport network.

In addition, Transurban relies on local government entities, with which it has separate agreements, as well as other managers of the roads feeding its toll roads and of the surrounding road network to maintain those roads in good working order to allow traffic to flow consistently to Transurban's toll roads. If these feeder roads and surrounding roads are not properly maintained or are subject to major works that affect their ability to serve as a conduit to Transurban's toll roads, the level of traffic on those toll roads and Transurban's revenue may be adversely affected, which could have a material adverse effect on its business, cash flow, financial condition and results of operations.

## 1.19 RISKS OF ACCIDENTS OR OTHER INCIDENTS RELATING TO TOLL ROADS

Transurban is subject to the risk of accidents and incidents on its toll roads and adjacent and feeder roads and sites, as well as to weather conditions, natural phenomena, natural disasters, vandalism, and acts of terrorism which may impact its toll roads. The occurrence of any of these factors could adversely affect traffic volumes, the collection of toll revenue and could cause physical damage to Transurban's toll roads. In addition, any such incident could result in the loss of part of Transurban's infrastructure assets or critical operating equipment and Transurban may incur additional costs in repairing the affected infrastructure asset. The occurrence of any of these risks could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

Transurban operates critical road infrastructure assets in and around high-density population areas in Australia and North America that could be targeted by terrorist attacks or threatened with terrorist attacks. Terrorist attacks or threats of terrorist attacks on Transurban's toll road assets could affect traffic volumes and the collection of toll revenue and could lead to physical damage to toll roads, any of which could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations. In addition, any physical damage to Transurban's toll roads may cause loss or damage to customers or third parties who may seek to recover damages from Transurban for any such terrorist attacks.

There can be no assurance that Transurban maintains, or will continue to maintain, sufficient insurance coverage for the risks associated with the operation of its businesses. In particular, there can be no assurance that events that result in a prolonged reduction in traffic volume or in toll revenues will be adequately covered by Transurban's insurance policies.

The renewal of insurance will be dependent on a number of factors, such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved. The cost of Transurban's insurance policies could significantly increase as a result of claims made by it or as a result of local or global economic conditions that cause insurance to be more expensive.

In addition, Transurban is subject to the credit risk of its insurers and their continued ability to satisfy claims made by Transurban. Certain risks and liabilities, including potential losses of a catastrophic nature, such as those arising from floods, earthquakes, terrorism or other similar catastrophic events, may be either uninsurable or not insurable on a financially reasonable basis, or may be subject to larger deductibles. Transurban may also elect to self-insure and/or carry large deductibles. In the event Transurban experiences a loss or liability to third parties in the future, the proceeds of an applicable insurance policy may not be sufficient to cover the full actual loss incurred or related liabilities to third parties. If Transurban's insurance coverage is not sufficient or available to cover any losses that are incurred in the course of its business, or if Transurban's insurers are unwilling or unable to satisfy claims made by Transurban, Transurban could be exposed to uninsured losses that are significant, or the payment of a larger deductible, which could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## 1.20 EXTERNAL CYBER-ATTACKS

Transurban's technology systems may be subjected to external cyber-attacks that, if successful, could adversely affect its business (including interruptions to tolling and collection services) and reputation. Although Transurban takes various measures to prevent or mitigate external breaches to its systems and monitor its technology networks, there is no guarantee that such measures will provide absolute security. The occurrence of any such cyber-attacks could have a material adverse effect on Transurban's reputation, business, regulatory compliance, cash flow, financial condition and results of operations.

## 1.21 FAILURE OF OPERATING AND SAFETY SYSTEMS

Transurban uses operating, maintenance, traffic management and safety technology and systems to optimise the safe and efficient operation of its toll roads. These systems include CCTV camera surveillance, lane use management signs, electronic speed and lane control, over-height vehicle detection, weigh-in-motion sensors and systems that automatically detect incidents, as well as safety systems in tunnels, such as ventilation systems and fire suppression sprinkler systems.

The failure of these systems, including a failure to adequately respond to a disruption event or manage an incident effectively could materially disrupt the operation of Transurban's toll roads, leading to reduced traffic volumes or closure of a road.

## 1.22 RELEASE OF CONFIDENTIAL INFORMATION

Transurban's tolling arrangements and systems lead it to obtain personal and confidential information from its customers, including bank account and credit card details. The handling and retention of such information is regulated by various privacy laws and the Payment Card Industry Data Security Standard (**PCI DSS**). Transurban is exposed to the risk of deliberate or inadvertent release of this information and the loss or misuse of data.

Although Transurban utilises systems and processes that are designed to protect data and to prevent data loss and other security breaches, no assurance can be given that such measures will provide absolute security. If confidential information were released, Transurban may be subject to financial penalties under privacy laws and PCI DSS and/or be subject to increased regulatory scrutiny or legal action and its reputation may be negatively affected. The occurrence of such an event could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## 1.23 DEVELOPMENT OF NEW INFORMATION TECHNOLOGY SYSTEMS

Transurban's ability to continue to improve revenue generation from its toll roads and provide key services to its customers depends on its operational capacity to develop and manage new technology systems and platforms. In some cases, Transurban partners with technology providers to develop and implement new information technology systems. Some of Transurban's software is held under licence agreements with technology providers. If Transurban fails to continue to maintain its relationships with its key technology partners or licensors of key software, its ability to operate and grow its business may be adversely affected.

## 1.24 RELIANCE ON DIVIDENDS, DISTRIBUTIONS AND INTEREST ON AND REPAYMENTS OF SHAREHOLDER LOANS FROM ENTITIES IN THE TRANSURBAN GROUP

Transurban operates its business through its subsidiaries. Transurban also funds certain of its subsidiaries through intra-group loans. The availability of funds to service Transurban's debts is impacted by dividends, distributions, interest and repayments on intra-group loans, shareholder loans received from Transurban's subsidiaries and distribution decisions from Transurban assets which are not wholly owned. See also other risk factors, including Key risk 1.16 "Joint venture risk".

Some of Transurban's subsidiaries that have entered into concession agreements have incurred debt with external financiers which is secured against the specific assets, including the relevant concession agreement of the Transurban subsidiary. The external financiers may in certain circumstances be able to restrict the ability of the relevant Transurban subsidiary to pay dividends or other distributions to Transurban. As a result, Transurban's ability to service its debt may be restricted and this could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## 1.25 PAYMENT OF DISTRIBUTIONS

Future payment of distributions to Transurban's security holders will be determined by the Transurban Board. Transurban will pay distributions having regard to the free cash flow and its financial position and there is no guarantee that future distributions will be paid.

## 1.26 INTEREST RATE RISK

Transurban's ability, and the ability of the concessionaires in which Transurban has or will have an interest, to arrange financing, and the cost of any such financing, is impacted by changes in interest rates, prevailing economic conditions and deteriorations in the bank finance market or in the Australian or international debt capital markets.

An increase in interest rates would increase the Transurban group's or the relevant concessionaire's debt servicing costs on any part of their indebtedness which is unhedged.

## 1.27 FOREIGN EXCHANGE RISK

Transurban is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A portion of Transurban's investments is and will continue to be denominated in, or generate cash flow in, U.S. dollars and Canadian dollars, while its reporting currency is Australian dollars. As a result, Transurban's assets, liabilities, income, costs and operating cash flows are exposed to foreign exchange risks arising from U.S. dollar and Canadian dollar exposures when these items are translated into Australian dollars. Consequently, portions of its costs and margins are affected by fluctuations in the exchange rates between these currencies.

To the extent that Transurban has unhedged investments in assets outside of Australia, movements in currency exchange rates have the potential to reduce the capital value of its investments and cash returns from investments.

## 1.28 FRAUDULENT BEHAVIOUR OF EMPLOYEES

Transurban is exposed to risks associated with fraudulent behaviour of its officers, employees, consultants, contractors and contractual counterparties. The occurrence of such behaviour could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.29 PERSONNEL

Recruiting and retaining qualified personnel is critical to Transurban's success. Transurban may face risks from the loss of key personnel and an inability to attract any new personnel required in its business. Although Transurban has implemented strategies designed to assist in the recruitment and retention of people within its business, Transurban may encounter difficulties in recruiting and retaining candidates with appropriate experience and expertise.

If any of Transurban's key employees leave their employment, this may adversely affect its ability to conduct its business. If Transurban is unable to attract and retain the services of a sufficient number of qualified personnel, this could impact its operations and development and could have a material adverse effect on its business, cash flow, financial condition and results of operation.

## 1.30 LEGAL, REGULATORY AND OTHER PROCEEDINGS AND DISPUTES

In addition to the current and potential impacts of the dispute described in Key risk 1.9 "West Gate Tunnel project disputes", Transurban may, from time to time, be involved in legal, regulatory and other proceedings and disputes arising from its business and operations, including proceedings and disputes relating to the construction, development, operation and expansion of toll roads, collection of toll revenue, environmental issues, native title claims, shareholder action, industrial action and action from special interest groups and disputes with equity partners, contractors and other counterparties including with a government counterparty. These disputes may lead to legal, regulatory and other proceedings, and may cause Transurban to incur significant costs, delays and other disruptions to its business and operations. In addition, regulatory actions and disputes with governmental authorities may result in fines, penalties and other administrative sanctions. Any of these factors could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

Following the ACCC investigation into whether STP's acquisition of its initial majority interest in WestConnex in 2018 would, in the context of Transurban's existing interests in toll roads, substantially lessen competition for future toll road concessions, the ACCC confirmed it would not oppose the acquisition following the acceptance of an enforceable undertaking given by Transurban and the other STP consortium members. The undertaking requires Transurban to publish certain quarterly traffic data that is obtained or collected by it (or an alternative tolling services provider) on existing and future NSW toll roads in which Transurban has an ownership interest. The undertaking also requires Transurban to identify any error in traffic data published, explain how the error was corrected and re-publish that traffic data corrected to eliminate the error. The undertaking has no operational impact on the WestConnex concession.

If Transurban breaches a term of the undertaking, the ACCC could apply to the Court to make orders against Transurban in respect of the breach. The orders made could include a direction to Transurban to comply with the undertaking, a penalty up to the amount of any financial benefit reasonably attributable to the breach, an order to pay compensation to any person who has suffered loss or damage, or any other order the Court considers appropriate. If the Court were to make any orders of this nature, it could adversely affect Transurban's business, reputation, cash flow, financial condition and results of operations.

In addition, Transurban is subject to environmental and health and safety regulations under Australian Commonwealth and state laws and applicable federal and state laws in North America. Transurban is also exposed, directly or indirectly through engaging with counterparties, to various laws and regulations governing anti-bribery, antitrust and competition, human rights and modern slavery, sourcing of raw materials, third party relationships and supply chain operations in jurisdictions in which it operates. Although Transurban maintains comprehensive health, safety and environmental management plans to monitor the performance of its toll roads and to manage the third parties it engages to work on its toll roads, no assurance can be given that Transurban will not be subject to potential environmental and health and safety liabilities including fines, penalties, damages or suspension or termination of government contracts, associated with the operation of its business. Transurban's construction projects may also be subject to delays as a result of environmental disputes, environmental impact assessments and consultation processes and the need to obtain necessary environmental approvals. If Transurban were to incur any such liabilities or experience any such delays, this could have a material adverse effect on its business, cash flow, financial condition and results of operations.



## 1.31 KEY AUTHORISATIONS AND LICENCES

Transurban holds a number of key authorisations and licenses that it needs to conduct its business in the way it is currently conducted. For example, Transurban holds two Australian Financial Services Licences that enable it to both operate the Transurban Holding Trust and undertake certain other activities on behalf of itself and third parties. While Transurban takes its obligations in connection with those authorisations and licences seriously, there is a risk that it could breach those obligations in the future. In addition to risks related to legal, regulatory and other proceedings described above, a breach of its material authorisations and licenses may lead, in certain circumstances, to the relevant authorisation or licence being revoked. This could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

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## 2.1 UNDERWRITING RISK

Transurban has entered into an underwriting agreement under which four underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties. The underwriters' obligation to underwrite the Entitlement Offer is conditional on certain customary matters, including Transurban delivering certain certificates, sign-offs and opinions to the underwriters. Further, if certain events occur, the underwriters may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer. In these circumstances Transurban would need to find alternative funding to meet its obligations to fund the Acquisition in the event the proceeds raised under the Entitlement Offer are insufficient to fund the purchase price. Termination of the underwriting agreement could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

The underwriters' obligations to underwrite the Entitlement Offer are conditional on certain matters, including the Acquisition agreement not having been terminated, rescinded or varied in any material respect without the underwriters' consent and the ASX not indicating that will not grant permission for the official quotation of securities issued under the Entitlement Offer.

The events which may trigger termination of the underwriting agreement include where:

- a) Transurban is suspended from the official list of the ASX or its stapled securities are delisted or suspended from quotation (other than in connection with the Entitlement Offer);
- b) Transurban alters its capital structure without the consent of the underwriters;
- c) Transurban or a material subsidiary of Transurban is or becomes insolvent;
- d) Transurban's CEO or CFO has their employment terminated for cause;
- e) Transurban contravenes its constituent documents, the Corporations Act, the ASX Listing Rules or other applicable law;
- f) Transurban or any of its directors engage in fraud or commit certain offences; or
- g) agreements entered into for the Acquisition are terminated.

The ability of the underwriters to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the underwriters.

In addition to these termination events, the occurrence of certain other events (including changes in law, market disruption, hostilities, regulatory action or other circumstances that render certain information or disclosures false) may affect the underwriters' obligation to underwrite the Entitlement Offer at the offer price under the underwriting agreement. If any such event occurs, the underwriters' obligation to underwrite may cease to apply, in which case the underwriters and Transurban may be required to work together in good faith to agree amendments to the underwriting agreement to implement an alternative capital raising that enables Transurban to fund its portion of the purchase price for the Acquisition. In such circumstances, there is no guarantee that the underwriters will agree appropriate and timely amendments to the underwriting agreement, which may adversely impact the timing and success of the Entitlement Offer (or any other capital raising), the proceeds raised by Transurban and Transurban's funding for the Acquisition.

## 2.2 RENOUNCEMENT RISK

If you are an eligible security holder, and you do not take up or sell your entitlements under the Entitlement Offer, then your entitlements will be treated as renounced and will be sold on your behalf in the institutional or retail bookbuild (as applicable) and any proceeds of sale of your entitlements will be paid to you. However, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.

The ability to sell New Securities under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriters, will, if accepted, result in acceptable allocations to clear the entire book.

# OFFER AND GENERAL RISKS

To the maximum extent permitted by law, Transurban, the underwriters and the respective related bodies corporate, affiliates or the directors, officers, employees or advisors of any of them, will not be liable, including for negligence, for any failure to procure applications under the bookbuild at a price in excess of the offer price.

If there is a retail premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail holders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.

You should also note that if you do not take up all of your entitlement, then your percentage security holding in Transurban will be diluted by not participating to the full extent in the Entitlement Offer.

The tax consequences from selling or transferring entitlements or from doing nothing may be different. Before choosing to do nothing in respect of entitlements, you should seek independent tax advice and may wish to refer to the tax information contained in the retail information booklet which will provide further information on potential taxation implications for Australian security holders.

## 2.3 RISK OF SELLING OR TRANSFERRING ENTITLEMENTS

If you are an eligible retail security holder and do not wish to take up your entitlements, you can sell them on ASX or transfer them to another person or entity other than on ASX during the entitlement trading period.

Prices obtainable for retail entitlements may rise and fall over the entitlement trading period and liquidity may vary. If you sell or transfer your entitlements at one stage in the retail entitlement trading period you may receive a higher or lower price than a security holder who sells or transfers their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

There is no guarantee that there will be a viable market during, or on any particular day in, the retail entitlement trading period, on which to sell retail entitlements on ASX.

Eligible retail security holders who wish to sell their entitlements may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for entitlements.

If you choose to transfer your entitlements to another person or entity other than on ASX, there is no guarantee that you will receive any value for transferred entitlements.

You should also note that if you sell or transfer all or part of your entitlements, then your percentage security holding in Transurban will be diluted by not participating to the full extent in the Entitlement Offer.

The tax consequences from selling or transferring entitlements or from doing nothing may be different. Before selling or transferring entitlements, you should seek independent tax advice and may wish to refer to the tax information contained in the retail information booklet which will provide further information on potential taxation implications for Australian security holders.

## 2.4 MARKET GENERALLY

The price of Transurban securities on the ASX may rise or fall due to numerous factors, including:

- a) Australian and international general economic conditions, which may be influenced by COVID-19, inflation rates, the level of economic activity, interest rates and currency exchange rates;
- b) tensions and acts of terrorism in Australia and around the world;
- c) investor perceptions in the local and global markets for listed stocks; and
- d) changes in the supply and demand of infrastructure securities on the ASX.

Transurban securities may trade below the offer price and no assurances can be given that Transurban's market performance will not be materially adversely affected by any such market fluctuations or factors. No member of Transurban, nor any of their directors nor any other person, guarantees Transurban's market performance.

## 2.5 ASSET IMPAIRMENT

Asset impairment charges may result from actual performance failing to meet Transurban's forecasts or the occurrence of unexpected adverse events that impact Transurban's expected performance. The Transurban Board regularly monitors impairment risk and goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other intangible assets, which includes Transurban's intangible concession assets, are assessed for indicators of impairment at each reporting period or more frequently if events or changes in circumstances indicate that they might be impaired.

## 2.6 CHANGES TO ACCOUNTING STANDARDS

Changes to Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act could affect Transurban's reported results of operations in any given period or Transurban's financial condition from time to time.

In addition, changes to AAS and other authoritative pronouncements of the AASB and the Corporations Act could affect the concessionaires' or the Transurban group's reported results of operations in any given period or the Transurban group's reported financial condition from time to time.

## 2.7 ADVERSE TAX DEVELOPMENTS

The Transurban Group is structured as a stapled group comprising two companies (Transurban Holdings Limited and Transurban International Limited) and a trust (Transurban Holding Trust), the equity securities of which trade as a single stapled security. Australian taxation laws apply to each of these entities separately. Changes to tax legislation, the interpretation of tax legislation by the courts, the administration of tax legislation by the relevant tax authorities and the applicability of such legislation to the Transurban Group or entities within the Transurban Group may increase Transurban's tax liabilities.

Transurban Holding Trust and its subsidiary trusts are generally not liable for Australian income tax and capital gains tax, provided that:

- a) where the trust is an Attribution Managed Investment Trust ("AMIT"), the trust attributes the net income to its unit holders on a fair and reasonable basis; and
- b) where the trust is not an AMIT, all income is distributed to its unit holders.

Transurban Holding Trust is qualified to make and has made the relevant election under the Australian tax law to be treated as an AMIT. This position must be assessed on a yearly basis in the future. If Transurban Holding Trust ceases to be qualified to make the relevant election to be characterised as an AMIT or ceases to reasonably attribute all of its income to unitholders in any income year, Transurban may incur tax liabilities.

Transurban Holding Trust may be liable for tax if it derives non-arm's length income. Transurban Holding Trust subsidiary trusts may be liable for tax if they derive non-arm's length income or do not designate all income to their unitholders.

Certain distributions made by Transurban Holding Trust after July 1, 2019 to non-resident unitholders sourced from cross staple rental income may be subject to 30% withholding tax, rather than 15% withholding tax. A number of concessions and a long-dated transitional measure exists to mitigate the impact of the higher withholding tax. In the event that Transurban Holding Trust withholds at the incorrect rate, Transurban Holding Trust may be required to make up the shortfall in withholding tax remitted.

In addition, certain companies within the Transurban Group have carried forward tax losses which are recognised as deferred tax assets on its balance sheet. The ability of members of the Transurban Group to utilise their tax losses to decrease their tax liabilities in future periods is subject to them meeting certain conditions under the relevant tax legislation regarding continuity of ownership and activities. If members of the Transurban Group fail to meet the relevant conditions, or if the relevant tax legislation is amended in a way that results in an inability for members of the Transurban Group to use their tax losses in future periods, the relevant Transurban entity's or Transurban's tax liabilities could be materially higher than currently expected.

Adverse tax developments, including the factors described above, could materially increase Transurban's tax liabilities or timing of its tax payments, which could have a material adverse effect on its business, cash flow, financial condition and results of operations. The Australian Taxation Office and The Treasury of the Australian Federal Government continue to monitor and review the use of stapled structures. Taxation of stapled structures in Australia may change, including in ways that may adversely impact Transurban.

## 3.1 COMPLETION RISKS

Completion of the Acquisition of WestConnex is conditional on certain matters including payment of the purchase price. If any of the conditions are not met, completion of the Acquisition may be deferred or cancelled. If completion of the Acquisition does not occur, Transurban will need to consider alternative uses for, or ways to return the proceeds of, any money received under the Entitlement Offer. Failure to complete the Acquisition and/or any action required to be taken to return capital may have a material adverse effect on Transurban's financial performance, financial position and security price.

Any agreement entered into for the Acquisition may also be terminated by the vendor if certain events occur including where the relevant conditions precedent are not completed (or waived) by a specified date. In all circumstances, Transurban may incur significant costs and be exposed to material liabilities.

## 3.2 ANALYSIS OF ACQUISITION OPPORTUNITY

Transurban has undertaken financial, operational, business and other analysis in respect of WestConnex to determine whether to pursue the Acquisition as part of STP.

It is possible that the analysis undertaken by Transurban, and the best estimates and assumptions made by Transurban, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic circumstances or differing actual traffic volumes from those assumed (see Key risk 1.4 "Impact of forecasts and modelling on Transurban's business and growth projects")).

To the extent that the actual results achieved by WestConnex are weaker than those indicated by Transurban's analysis, or the level of capital and operational expenditure required by WestConnex in the future is higher than that forecast in Transurban's analysis, there is a risk that there may be an adverse impact on Transurban's financial position and performance.

## 3.3 FUNDING RISK

STP has an unqualified obligation to fund the purchase price for the Acquisition if the New South Wales Government satisfies its completion obligations under the Acquisition documents.

Transurban and the other members of STP have agreed to fund their respective share of the purchase price for the Acquisition. If one or more members of STP or CDPQ do not provide their funds, or fulfil their contractual obligations, and the Acquisition cannot or does not complete, Transurban may be exposed to liability that could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 3.4 TAX RISK

The Australian Taxation Office closely scrutinises large infrastructure transactions and new projects in Australia and provides formal and informal guidance about the way it will administer the application of the Australian taxation laws to these transactions. Transurban and the other STP consortium members have undertaken extensive analysis of the WestConnex documents and associated contractual arrangements to determine appropriate tax assumptions and positions that are consistent with Australian taxation laws. Should these assumptions not be realised, then Transurban's tax exposure may increase and impact the returns Transurban receives as a member of STP.

Whilst STP engaged extensively with the Australian Taxation Office in relation to the tax positions adopted for the WestConnex transaction, given the nature and scale of the Acquisition, the Australian Taxation Office may review the WestConnex transaction tax positions, the tax positions adopted for WestConnex entities and Transurban's interest in WestConnex as a member of STP. Changes to tax legislation, the interpretation of tax legislation by the courts and the administration of tax legislation by the relevant tax authorities may increase Transurban's tax liabilities which could impact the returns Transurban receives as a member of STP.

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# INTERNATIONAL OFFER RESTRICTIONS

# INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of entitlements or new Transurban stapled securities ("New Securities") in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the entitlements and New Securities may not be offered or sold in the Institutional Entitlement Offer, in any country outside Australia except to the extent permitted below.

## CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES)

This document constitutes an offering of entitlements and New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom such securities may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the entitlements or the New Securities or the offering of such securities and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of entitlements or New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the entitlements or the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the entitlements or the New Securities.

Transurban as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Transurban or its directors or officers. All or a substantial portion of the assets of Transurban and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Transurban or such persons in Canada or to enforce a judgment obtained in Canadian courts against Transurban or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of the entitlements and the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the entitlements and the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

## CHINA

This document has not been approved by, nor registered with, any competent regulatory authority of the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the entitlements and the New Securities may not be offered or sold, nor may any invitation, advertisement or solicitation for such securities be made from, within the PRC. This document does not constitute an offer of New Securities within the PRC.

# INTERNATIONAL OFFER RESTRICTIONS

The entitlements and the New Securities may not be offered or sold to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

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In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of entitlements and New Securities in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## HONG KONG

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

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The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## JAPAN

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# INTERNATIONAL OFFER RESTRICTIONS

## KOREA

Transurban is not making any representation with respect to the eligibility of any recipients of this document to acquire the entitlements or the New Securities under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. These securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

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## NEW ZEALAND

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The entitlements and the New Securities in the Entitlement Offer are not being offered to the public within New Zealand other than to existing securityholders of Transurban with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## NORWAY

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The entitlements and the New Securities may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

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## **SWITZERLAND**

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This document may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the entitlements or the New Securities has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for entitlements or New Securities is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

# INTERNATIONAL OFFER RESTRICTIONS

## UNITED KINGDOM

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# GLOSSARY

# GLOSSARY

TERM	DEFINITION
95	95 Express Lanes
395	395 Express Lanes
495	495 Express Lanes
1H/2H	First or second half of a financial year (unless specified otherwise)
A25	A25 toll road
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
ACN	Australian Company Number
ACQUISITION	The date on which STP acquires the remaining 49% equity stake in WestConnex
FINANCIAL CLOSE	
ADT	Average Daily Traffic. ADT is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period
AFSL	Australian Financial Services Licence
AMTN	Australian Medium Term Note
ARSN	Australian Registered Scheme Number
ASX	Australian Securities Exchange
AUD	Australian Dollars
BUSINESS PLAN	Transurban's internal business plan
CAD	Canadian Dollars
CAPITAL RELEASES	Capital Releases refer to the injection of debt into Transurban assets as assets mature, optimising balance sheets
CBD	Central business district
CDPQ	Caisse de dépôt et placement du Québec
COVID-19	Coronavirus disease 2019
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated
CPP INVESTMENTS	Canada Pension Plan Investments
CPS	Cents per security
D&A	Depreciation and Amortisation
D&C	Design and Construct
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EIS	Environmental Impact Statement
EOI	Expressions of interest
ESG	Environmental, Social and Governance
E-WAY	M5 West retail tolling brand

TERM	DEFINITION
EV	Enterprise value
FFO	Funds From Operations
FIRB	Foreign Investment Review Board
FREE CASH/FCF	Free Cash is the primary measure used to assess the cash performance of the Group.
FUM	Funds under management
FX	Foreign Exchange
FY	Financial year 1 July to 30 June
GDP	Gross domestic product
GHG	Greenhouse Gas
GROUP	Transurban Group
IS	Infrastructure Sustainability
LINKT	Transurban's retail tolling brand
M2	Hills M2
M4	M4 motorway
M4-M5	M4-M5 Link
M5 WEST	M5 West motorway
M7	Westlink M7
M8	M8 (previously the New M5)
NCX	NorthConnex
NEW SECURITIES	New Transurban stapled securities issued through the Entitlement Offer
NPAT and NPBT	Net Profit After Tax and Net Profit Before Tax
NSW	New South Wales, Australia
NWRG	NorthWestern Roads Group
O&M	Operations and Maintenance
OTHER REVENUE	Other revenue includes management fee revenue and advertising revenue and is recognised at the point in time the service is provided. It also includes compensation received from third parties for a loss of toll revenue due to delays with construction completion
PFAS	Per and polyfluorinated alkyl substances
QC	Québec, Canada
QLD	Queensland, Australia
RECORD DATE	The cut-off date established by Transurban to determine which security holders are eligible to participate in the Entitlement Offer
ROFO	Right of first offer
RRIPL	Roads Retained Interest Pty Ltd – Company holding the NSW Government's retained interest in WestConnex

# GLOSSARY

TERM	DEFINITION
<b>SERVICE AND FEE REVENUE</b>	Service and fee revenue includes customer administration charges and enforcement recoveries
<b>SLN</b>	Shareholder Loan Note. An interest bearing shareholder loan
<b>STATE WORKS CONTRIBUTION</b>	The capital contribution for WestConnex Stage 3A to be provided by Transport for New South Wales.
<b>STP/STP JV</b>	Sydney Transport Partners Joint Venture
<b>TAWREED</b>	Tawreed Investments Limited. A wholly owned subsidiary of Abu Dhabi Investment Authority
<b>TERP</b>	Theoretical ex-rights price
<b>TFNSW</b>	Transport for New South Wales is the government agency responsible for transport infrastructure and transport services in New South Wales. Roads and Maritime Services (RMS) was dissolved in December 2019 with all functions transferring to TfNSW
<b>THL</b>	Transurban Holdings Limited
<b>TOLL REVENUE</b>	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue
<b>TRANSURBAN CHESAPEAKE</b>	Transurban Chesapeake owns 100% of the entities that developed, built, financed and now operate and maintain the 95 Express Lanes (including the Fredericksburg Extension which is under construction), 395 Express Lanes and 495 Express Lanes. Transurban has a 50% interest in Transurban Chesapeake
<b>UNDERLYING EBITDA US/USA</b>	EBITDA excluding significant items United States of America
<b>USPP</b>	US Private Placement
<b>WESTCONNEX</b>	WestConnex – depending on the context means either: <ul style="list-style-type: none"> <li>• The road network comprising individual components as outlined in this presentation</li> <li>• The entities that hold the concessions to design, construct, operate, maintain and toll that road network, including any of their related bodies corporate</li> </ul>
<b>THE ACQUISITION</b>	STP's acquisition of a 49% equity stake in WestConnex
<b>WGF</b>	West Gate Freeway
<b>WGT/WGTP</b>	West Gate Tunnel/West Gate Tunnel Project

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